



**REGULAR MEETING OF THE WOU BOARD OF TRUSTEES
MEETING NO. 29 – SEPTEMBER 11, 2019
9:00 AM-4:30 PM
OREGON GARDEN, SILVERTON, OREGON, LOTUS ROOM**

MINUTES

I. CALL-TO-MEETING/ROLL CALL

Chair Betty Komp called the Board meeting to order at 9:10 AM and asked Secretary Ryan Hagemann to take roll. The following trustees were present:

Zellee Allen (joined meeting after the WOU: Salem action item)
Jaime Arredondo
Jim Baumgartner
Gayle Evans
Dr. Gavin Keulks
Betty Komp
Cec Koontz
Malissa Larson
Doug Morse
Lane Shetterly

The following trustees were absent:

Zoe Chan-Tuyub
Dr. Rex Fuller
Dr. Jenny Mladenovic

In addition to trustees, the following individuals participated in the Board's retreat:

Dr. Carol Cartwright, Senior Consultant and Senior Fellow, Association of Governing Boards
Dr. Rob Winningham, Provost and Vice President for Academic Affairs
Dr. Ana Karaman, Vice President for Finance & Administration
Dr. Gary Dukes, Vice President for Student Affairs
Ryan Hagemann, Vice President & General Counsel and Secretary to the Board of Trustees
Curtis Campbell, Executive Director for Intercollegiate Athletics
Erin McDonough, Executive Director for Advancement and the WOU Foundation
Marion Barnes, Interim Director of Marketing & Communications
Hilary Holman-Kidd, Director of Academic Services and Resources
LouAnn Vickers, Executive Assistant to the President

II. CHAIR'S WELCOME



Komp welcomed the Board to its planning retreat and introduced Dr. Carol Cartwright from the Association of Governing Boards as the facilitator.

III. DISCUSSION/ACTION: WOU: Salem Capital Purchase

Komp recognized Karaman to introduce the proposed capital purchase in Salem. Komp observed that the Board's Executive, Governance and Trusteeship Committee (EGTC) reviewed the proposal. Karaman introduced the acquisition and the docket materials to the Board. She observed that the University engaged in several months of due diligence, including seismic information and financial pro formas. She noted that the presence in Salem would better position the University to capture potential enrollment in Salem.

Karaman outlined the building specifications of the three-story building to the Board, including its size of 36,000 square feet, daylight basement, and approximately 40 parking spaces. She noted that the initial purchase price for the building was \$3.1M. She also observed that the seller acquired the building in 2008 for \$4.1M. Karaman noted that, after negotiations with this seller, the University landed on the purchase price of \$2.725M. She ensured that the University would not exceed the occupancy threshold of 500 students because, among other reasons, it would trigger significant seismic obligations. She confirmed that the University—after inspections—would comply with all relevant codes. Karaman noted that all necessary outstanding deferred maintenance and repairs were included in the written docket materials, and it was divided into phases. She stated that the biggest portion of necessary repairs included the replacement of the building's roof.

Karaman continued, observing that the building will be titled in the name of the State of Oregon, in part, to ensure access to XI-Q bonds to perform capital repair. Shetterly asked about titling the building in the name of State of Oregon and Hagemann clarified the statutory requirements. Karaman returned to the Gantt chart outlining all other assessments and needs of the building, including but not limited to safety and disability accessibility. Karaman clarified the price—which is comprised of two components. The price started at \$2.725M, but, because of the delay necessary because the transaction needed to be approved by the full Board, the final purchase price of \$2.735M. Karaman outlined that the purchase price also includes \$100,000 for an endowed scholarship funded by the seller. Karaman paused for questions and to ask Winningham to discuss academic programming in the building.

Winningham discussed changing higher education demographics, including 500,000 working adults in Oregon with some college, but no degree. Winningham noted that—in the current rented space—the University is offering nine undergraduate courses and one graduate course. He shared information about the new Masters in Organizational Leadership, discussions with the State's Chief Human Resources Office with the Oregon Department of Administrative Services (DAS), and targeted undergraduate programs that would be present in the facility.

Karaman turned the Board's attention to the pro formas, including in the written docket materials. She started with the conservative pro formas, showing classes only in the evenings and weekends. She reviewed the potential revenues and expenditures for each of the pro formas. Karaman noted



that, because the University would be using reserve funds to purchase the building, it would be able to carry the initial depreciation on the University books, but improvements funded by State XI-Q bonds would not be on the University's books. Trustee Morse asked about the likelihood of the various scenarios, including the possibility of moving to using the building during the day for classes. Karaman and Winningham discussed the integrity of the enrollment projections based on actual enrollment in the current rental space. Keulks asked why the pro formas were based on the projections of full capacity and expressed concerns about the assumptions. Keulks inquired about actual enrollment data. Winningham clarified that, in the past year, the average class size was 12. Holman-Kidd added that actual enrollments exceeded projections in the pro formas. Karaman stressed under the pro formas, the Salem project would be cash flow positive. Shetterly asked for Karaman and Winningham to reconcile the numbers included in the pro formas and other information that Keulks shared from campus presentations. Winningham noted that—previously—the University was not permitted to advertise programs and Holman-Kidd observed that, with the Masters in Organizational Leadership, the University was now receiving graduate tuition revenue. Morse asked when the Board and University could expect some information and projections on programming for larger employers, such as the State. Koontz noted preliminary information on progress in January would be useful.

Keulks asked about the \$100,000 scholarship and expressed his disappointment that it would not be offered through Financial Aid. McDonough clarified that the Foundation would manage the endowment—funded by the seller—and the scholarships would be administered and dispersed by Financial Aid. Keulks shared that his concerns were resolved.

Shetterly asked about the mechanics of the purchase. Karaman reiterated that the title will be in the name of the State of Oregon. Shetterly inquired about the use of XI-Q bonds and noted that he did not observe the use of XI-Q bonds in the motion or written docket materials. Karaman and Hagemann clarified the amount of the motion and the implication of the use of XI-Q bonds. Shetterly asked about the revolving line of credit. Karaman turned the Board of the three financing options in the written docket materials. Karaman confirmed the staff's recommendation of using University reserves to purchase the building, but to also establish a revolving line of credit to replenish reserves. Keulks asked whether or not the staff considered leasing property instead of purchasing property. Karaman observed various advantages to purchasing the building, including significant changes to lease accounting that would require booking of the entire liability.

After discussion, Komp called for a motion to approve the purchase of the Vick Building in Salem, Oregon as presented to the Board and described in the written docket materials. Shetterly moved the purchase, and Koontz seconded the motion. For the record, Komp recited the motion as included in the written docket materials.

The following trustees voted in favor of the motion:

Jaime Arredondo
Jim Baumgartner
Gayle Evans



Gavin Keulks
Betty Komp
Cec Koontz
Malissa Larson
Doug Morse
Lane Shetterly

No trustees opposed the motion.

The motion passed.

IV. BREAK

V. AGB PRESENTATION—REVIEW SURVEY RESULTS

Komp recognized Dr. Carol Cartwright to introduce the Board's survey results. Prior to Cartwright's presentation, Komp asked Shetterly and Baumgartner to offer a brief summary of how Oregon's public universities achieved independence. Cartwright observed that that Board survey is tied directly to best practices identified by the Association of Governing Boards. The survey features areas of strength, highlights consensus, and identifies issues to address in order improve performance. Cartwright noted that there were six categories in the survey: institutional sustainability, leadership and shared governance, mission and strategy, board culture, quality of educational experience, and board performance. She noted that she will go through each section and unpack responses and comments. She observed that it is quite common for university boards to rank institutional sustainability the highest and educational experience lower because, sometimes, trustees do not want to overstep into the academic enterprise.

Cartwright shared her "headlines" from the survey results. She observed: (1) the Board believes it is effectively fulfilling its fiduciary duties, (2) the Board is proud of how it launched its work as a new Board, and (3) the Board appreciates its role in developing the strategic plan. Shetterly asked about the responses to the board performance section of the survey. Cartwright continued with her "headlines," noting the Board wants more robust discussions, the Board's top concerns are enrollment and funding, and it is interested in data-driven decision-making. She concluded her "headlines" with the Board needs clarification on the Board's role in overseeing auxiliary organization, the Board wants to understand its role in fundraising, and the trustees want to get to know each other on a personal level. Cartwright challenged the Board to understand a comprehensive view of the Board's fiduciary duties as more than simply money, but, the protection of the asset completely.

Cartwright turned to examine each of the six survey sections individually. Starting with Mission and Strategy, Cartwright explained how she evaluates the responses to determine consensus. She observed that some of the highest scores of the entire survey were in this section, perhaps attributable to the Board's familiarity with the University's strategic plan. Cartwright stated that the essential theme of this section is the Board has a desire to spend more time on strategic discussion



and to be more data-driven in its decision-making. Trustee Larson reiterated her interest in cultivating a diversity of viewpoints on the Board.

Cartwright turned next to Leadership and Shared Governance, observing very positive results. Cartwright discussed her experience as a university president and her interface with Ohio's governor to suggest how to improve her board; Shetterly asked Hagemann for clarification on how WOU approaches the Governor when the Board has vacancies. In order to enhance diversity of viewpoints, Cartwright suggested that other institutions invite non-voting members from outside of the University to observe or support the Board's committees. For the survey, Cartwright noted that there is interest in understanding how to work with external stakeholders and in clarifying the meaning of shared governance. Cartwright asked the Board what they believed shared governance meant. Keulks reiterated shared governance as a core value and Cartwright observed that, in many instances, faculty misunderstand the full Board's fiduciary duty. Several trustees explored how to engage a broader group of stakeholders to give voice to Board deliberation.

As for Institutional Sustainability, Cartwright stressed the Board's strength and confidence in the Board's understanding of the University's finances. Cartwright surmised that the comments suggested a high level of confidence in the University's finance team and in the Board's oversight of financial affairs. She noted that the Board's role with respect to auxiliary organizations should be clarified and observed that if the University's name is on an auxiliary organization, it would be included in the Board's fiduciary obligation. Baumgartner asked about the relationship between the Board of Trustees and the WOU Foundation's Board.

Cartwright moved to the Quality of Educational Experience next. She observed that the rankings in this section were lower than other categories. She noted that boards tend to be cautious in evaluating the quality of the educational experience and Cartwright shared that she would dive into this topic later during the retreat. She shared that the Board needs clarification about the Board's role in co-curricular and auxiliary operations is needed. She stated that the comments suggested an interest in measuring community and economic impacts and understanding the metrics used to judge academic quality. Board Performance followed. Cartwright observed that—overall—the section was rated the lowest, but that answers to three questions might have pulled the overall score down. She noted that some of the questions might not pertain to this Board. She asked the Board to specifically consider answers to Question 5.4 of the survey. The final section of the survey was Board Culture. Cartwright pulled out observations on trustees interested in getting to know each other personally and need for more information on personal philanthropy requirements.

Cartwright summarized the Board's overall satisfaction as articulated in the survey responses. As described previously, the highest scores were aligned with the Board's fiduciary duties and the lowest rankings were focused on "time, energy, and expertise are put to good use." Cartwright surmised that it might be related to earlier comments about wanting more time for robust discussion and more focus on strategic topics. Hagemann shared, as the board professional, the Board's Office has tried to adapt to the Board's interest in discussion and modifying the Board agenda and schedule to take most advantage of the Board's talents and skills.



Cartwright shared that the Board might focus attention on its committees in order to enhance strategic conversation because, in many instances, much of board work could occur in committees. She noted that if committees tackle large topics, it might be easier to devise work across the committees to tee up robust, strategic discussions at full Board meetings. It also provides the full Board greater confidence—as fiduciaries—in information necessary to make good decisions. Separate from overall satisfaction, Cartwright conveyed the challenges identified by the Board in the survey as enrollment and financial viability, student readiness, HSI challenges, and risks inherent in making “big bets.” The Board also identified building reputation and marketing as a challenge. As for Board priorities, the focus was on spending more time on strategic conversation, with board roles, practices and committees were lower priorities for the Board, suggesting to Cartwright that they were in reasonable shape. Several trustees continued the conversation on how to pivot to robust, strategic discussions. Cartwright asked for any final comments and Keulks pointed out that—amid the conversation about engaging committees—that he would be disappointed if less action items came to the full Board.

VI. LUNCH

VII. AGB REPRESENTATION—STRATEGIC ISSUES IN HIGHER EDUCATION

Strategic Thinking About Impact on WOU

Cartwright offered brief remarks on some strategic issues facing higher education in order to tee up small-group conversations on the topics and trends the University should tackle. She walked through national trends, such as demographics shifts, intense competition to recruit and retain students, financial aid policies may not be aligned with new realities, contraction of traditional revenue streams, shrinking middle class, uncertainties about endowments returns and pension liabilities, accountability for student learning outcomes and employability, increased attention to instructional quality and the cost of compliance with regulatory requirements. Cartwright also shared concern about the essential value proposition of higher education: rising skepticism about the fundamental value of higher education and increasing questions about the cost and return on investment.

Cartwright asked the Board to divide into smaller groups in order to identify five, broad strategic issues facing the University. After the Board and staff divided into four small groups and reconvened, the groups identified the following as core issues facing higher education and the University:

Group 1

- Social/Emotional/Mental Health (resiliency, attachment, cooperation)
- Devaluation of higher education (both political and applicability of degrees)
- Importance of global citizenship versus nationalism
- Relationship education versus transactional education
- Smaller overall population (decrease in the pipeline)
- Economics: Employment/internships/student needs (lack of paid internships, etc.)



Group 2

- HSI and Diversity (personalized support, all types of diversity, free speech)
- Reducing enrollment (right-sizing the University)
- Being nimble and responsive of new programs that meet industry needs
- Adult learners, life-long learning
- Affordability (reduction in public funding/support)

Group 3

- Economic trends (housing, healthcare, debt)
- How people value higher education (how do we educate families and students)
- Obsolete jobs by 2030
- Leveraging technology and use of technology to further experience and approach to learning
- Nimble (ability to change and change quickly)
- Actively create culture that helps prepare students for the workforce

Group 4

- Outreach and delivery options
- Align demographics
- Partnerships with businesses—connect with our students
- Bilingual programs—ways to leverage competitive advantage
- Futures Committee (5-10 year look-ahead, anticipating trends, build to capacity)

VIII. AGB PRESENTATION—OVERSEEING EDUCATIONAL QUALITY

Theory and Practice

In the context of the survey results ranking the Board's role in determining the quality of the educational enterprise lower than other sections of the survey, Cartwright offered theoretical and practical observations on what the Board's role in overseeing educational quality might be. She used a business analogy as a way of conceiving what a Board might do to oversee educational quality, focusing on questions such as (1) how good is our product, (2) how good are we at producing our product, (3) are our customers satisfied, (4) do we have the right mix of products, and (5) do we make the grade? Distinct from the faculty or University's role in overseeing educational quality, Cartwright outlined some approaches and strategies a Board could take. She noted the Board's role in overseeing educational quality could focus on the commitment to develop capacity for ensuring educational quality, ensuring that policies and practices are in place and effectively implemented to promote quality, and a charge to the president and provost that student learning is assessed, data about outcomes are gathered, results are shared with the Board and involved constituents, and deficiencies and improvements are tracked.

Cartwright continued that boards should be responsible for approving and monitoring the financial resources committed to support a high-quality education experience, they should develop an understanding of the university's academic programs, they should ensure that programs and resources are focused on the total educational experience, and they should develop a working knowledge of accreditation.



Finally, Cartwright shared the four major areas of academic quality assurance: assessment of student learning, student retention and graduation, stakeholder satisfaction, and academic program review.

IX. BREAK

X. SUMMARY AND ACTION ITEMS

XI. A LOOK AHEAD—2019-2020 PLANNING

Komp and Cartwright collapsed action items with 2019-2020 planning. Cartwright asked the trustees to break into their committees and determine what each committee would like to address and tackle over the 2019-2020 academic year. After the Board and staff divided into committee groups and reconvened, the committees identified the following as topics that each committee would like to address:

Executive, Governance and Trusteeship

- Board Vacancies
- Fundraising/Comprehensive Campaign
- Diversity/Inclusion/Equity/Accessibility
- Presidential Retention
- Review WOU's mission and vision statements

Finance and Administration

- Right-sizing the institution
- Capital construction if/when no state funding is available
- Continuous improvement/cost efficiencies
- Review WOU's mission and vision statements

Academic and Student Affairs

- Academic Quality
- Free Speech
- Becoming an HSI
- Healthcare
- Co-Curricular Activities
- Apple Partnership
- Review WOU's mission and vision statements

XII. ADJOURNMENT



Komp adjourned the meeting at 4:30 PM with a quorum of the Board (Zellee Allen, Jaime Arredondo, Jim Baumgartner, Gayle Evans, Gavin Keulks, Betty Komp, Cec Koontz, Malissa Larson, Doug Morse, Lane Shetterly).

A handwritten signature in black ink, appearing to read "Ryan James Hagemann".

Ryan James Hagemann
Secretary to the Board of Trustees