



The Board of Trustees of the University of Oregon met in the Global Scholars Hall on the UO campus on June 12 and 13, 2014. Below is a summary of Board reports, discussions, and actions.

THURSDAY, JUNE 12, 2014

Board Chair Chuck Lillis called the meeting to order on Thursday, June 12 at 8:33am. All trustees were present except Susan Gary. Minutes of the March 27-28 meeting were approved without changes.

Public Comment

Miriam Bolton, chair of the Officers of Administration (OA) Council, expressed appreciation for the Board, described the composition of and issues concerning OAs, and offered the services of the OA Council as a resource in the future.

John Ahlen, a UO alum and Administrative Program Assistant in International Affairs, spoke as a classified employee. He suggested several changes to the draft delegation of authority policy, primarily due to the fact that UO classified employees bargain contracts jointly with the other six universities. He also emphasized the value for classified employees of the University Senate and the UO's system of shared governance.

Shawna Meehan (GTF in Political Science), Phil Mayo (GTF in Philosophy), and Joe Henry (GTF in Anthropology) addressed issues of concern in the Graduate Teaching Fellows Federation (GTFF) bargaining discussions currently under way, including the role and authority of the Board in the contracts, teaching load and pay, and the use of outside law firms for purposes of collective bargaining. They expressed concern about whether their emailed communications were reaching Board members.

Reports

The board heard reports from the President of the University Senate, the President of the Associated Students of the University of Oregon (ASUO), and the chair of the Board's Academic and Student Affairs Committee.

- **University Senate President Rob Kyr** provided a redlined version of the proposed delegation of authority policy, reflecting edits recommended by the University Senate. He asked the Board to delay its vote on the policy and requested that two or three Board members be assigned to work with the Senate ad hoc committee that is reviewing the policy. He distributed a chart, "System of University Service," to accompany his description of the committee organization of the Senate and the many avenues for university service.
- **Newly elected ASUO President Beatriz Gutierrez**, now completing her third year as an Ethnic Studies major, introduced herself to the Board. She reported that she has hired around twenty ASUO staff and is working on goals for the year. She cited the importance of having students engaged with the University Senate on key initiatives, such as the revision of policies.

- **Trustee Mary Wilcox, chair of the Academic and Student Affairs Committee (ASAC)**, reported that the committee has had two meetings since the March board meeting. The primary focus has been on UO's revised mission statement, which must be submitted to the Higher Education Coordinating Commission (HECC) in September. She noted that comments have been received on the initial drafts and a new draft will be posted on the Provost's website. She observed that she would like to have more student involvement in the process and be able to capture the uniqueness of the university. She anticipates providing the mission statement either as a seconded motion or as a recommendation to the full Board. Wilcox commented that ASAC has also begun discussion of a framework for comprehensive planning that would include working with the overall strategic capital campaign goals for the university as well as with the goals of the Oregon Education Investment Board (OEIB).

Policy on Tuition, Mandatory Enrollment Fees, and Other Charges, Fines and Fees (*action*)

Trustee Ross Kari, chair of the Board's Finance and Facilities Committee (FFC), introduced the proposed policy on tuition, mandatory enrollment fees, and other charges, fines, and fees, noting that the policy is based on the Oregon University System (OUS) tuition and fee policy but modified to apply directly to the UO. Vice President for Finance and Administration Jamie Moffitt further noted that the actual fee rates were approved the prior week by the OUS Board and that this proposal addresses policies, not rates.

Trustee Ann Curry raised a question about the 5% tuition cap; Trustee Lillis, Moffitt, and General Counsel Randy Geller described the language within SB270 regarding the level of tuition increase for resident undergraduates that would require legislative or HECC approval, the guidelines provided in SB270 for tuition-setting parameters, and authorities of the Board regarding nonresident and graduate tuition. Trustee Kari commented that the Finance and Facilities Committee had had much discussion about the competitiveness of nonresident tuition in particular. Trustee Curry urged the Board to consider a variety of sources and tools to help defray the cost of education for students and parents, and Trustee Lillis suggested that this could be a topic for the next meeting.

The motion on tuition policy passed. A second motion to adopt a general policy on correction of spelling and typographical errors also passed. (Text of the proposed policy, motion, and detailed vote results are appended.)

Policy on Retention and Delegation of Authority (*action*)

Chair Lillis introduced the proposed policy on retention and delegation of authority, which was revised following the initial submission in March. He emphasized that the policy is guided by a philosophy of focusing on strategic rather than operating concerns. He acknowledged the good advice and significant campus involvement contributing to the revised policy, saying that the document is better for having received more input. He recognized that not everyone's preferences are included in the document. He noted that there are serious strategic questions of immediate importance that make further delay inadvisable, adding that the Board can change the policy in the future as needed.

Geller advised the Board of two possible approaches: (1) address the retention and delegation needed by adopting the policy, or (2) extend further into the future the broad delegation of authority to the president that was provided at the March meeting. Geller's advice was to adopt the policy. President Gottfredson agreed, noting that SB270 grants policy authority to the Board, so the Board can change the policy in the future if it so chooses.

Board members debated the merits of delaying passage of the policy pending further campus discussion versus modifying the language to suggest openness to future changes. Amendments to the proposed policy were suggested that addressed specific guidance to the president regarding information to be brought to the Board. Of particular concern were issues addressing labor relations.

Two amendments were adopted by the Board (detailed vote results are appended):

1. An amendment to section 3.4 proposed by Wilcox regarding the Board's right to see university committee reports upon request; and
2. An amendment to section 3.6.1 proposed by Trustee Sam Dotters-Katz regarding clarification of the president's obligation to provide information about employment matters to the Board upon request by the Board chair or majority of trustees.

With these two amendments, the motion to adopt the policy on retention and delegation of authority passed unanimously. (Text of the proposed policy, motion, and detailed vote results are appended.)

Treasury Operations (*action*)

Vice President Moffitt introduced Karen Levear, UO Director of Treasury Operations, and Staci Lewis, outside legal counsel with Pacifica Law Group. Moffitt and Levear presented slides on treasury functions, sources of cash, and challenges for treasury management. They reported on how cash is managed, investments, debt, and liabilities. They introduced the proposed Central Bank, including guiding principles and Board responsibilities.

Board members raised questions about the benefits of a UO internal bank compared to a shared OUS internal bank. Levear responded that the critical issue in proposing a UO internal bank was control and operational flexibility. Moffitt noted that one advantage of the new governance structure is that the UO can now think strategically about which administrative functions to operate on a shared basis with the other institutions and which functions we should manage on our own.

Moffitt suggested that, in the future, the UO may want to adjust the current OUS fund balance policy that requires a fund balance of 5% to 15%, saying that a new model might better focus on the resources needed to operate for a specific number of weeks if there were an emergency.

A motion was made to adopt the treasury management policy; the motion passed unanimously. (Text of the proposed policy, motion, and detailed vote results are appended.)

Several treasury-related resolutions were also passed, including those addressing treasury activities and transactions, borrowing authority for transactions that do not exceed \$5 million, and reimbursement resolutions. (Text of the proposed resolutions and detailed vote results are appended.)

Adoption of Budget and Expenditure Authority for FY15 (*action*)

Vice President Moffitt presented information about the UO operating budget, noting that most of the projected cost increases are related to labor costs, including an anticipated 5% increase in PEBB rates. Total projected operating expenditures for FY15 are \$901,288,040. Salaries, wages, and other personnel expenses constitute approximately 80% of Education & General expenditures.

Operating revenue is projected to grow by just 2.1%. The University has purposely kept student enrollment projections flat as we continue to build physical and human infrastructure (mainly tenure-related faculty) to support the campus. Moffitt cautioned the Board that the 13.8% reported increase in state appropriations includes the tuition buy-down and there is no commitment yet by the legislature to continue that funding beyond this biennium. Gottfredson added that tuition buy-downs can be risky because the commitment is often on a one-time basis.

Asked how many new facilities would add classroom space, Moffitt responded that the Straub Hall classroom project will renovate 300 seats and add 700 new seats. The University still needs another 1,300 classroom seats to support current activity levels. Moffitt explained that that is why many of our G-bond project proposals included significant new classroom capacity.

Total projected capital expenditures for FY2015 are \$110,000,000. This includes six projects already approved by the State Board of Higher Education and approximately \$11.2 million for deferred maintenance and small capital projects. It's important to note that these figures only include the total funds that the University expects to expend in FY15. Many big projects run over several years.

The motion to authorize the Treasurer of the University to expend \$901,288,040 plus 3% in FY 2015 on the University's operating budget and \$110,000,000 plus 3% in FY2015 on the University's capital budget was passed unanimously. (Text of the proposed resolution and detailed vote results are appended.)

Optional Retirement and Tax Deferred Investment Plans (*action*)

Moffitt introduced Denise Yunker, UO Retirement Plans Management Director, and Marcia Kelson, outside legal counsel with K&L Gates, to present information on the optional retirement plan (ORP) and tax deferred investment plan. Moffitt noted that as part of the Shared Services agreement, the UO offered to manage the ORP, the tax deferred 403(b) plan and the Cash Balance Plan on behalf of all the public universities. This enables all institutions to keep these existing plans in place with no disruption to faculty and staff.

Yunker and Moffitt provided detailed information about the structure of the Optional Retirement Plan, the tax-deferred 403(b) plan, and the Cash Balance Plan. Trustee Allyn Ford raised a question regarding who is responsible for educating individual participants about the plans and Yunker replied that the campus relies on the vendors through the vendor contracts to provide detailed information to faculty and staff. Benefits officers on the campuses hold benefits fairs once a year.

Board members inquired about liability insurance. Kelson responded that the UO Board will have the same liability as the OUS Board did. Moffitt noted that UO has insurance in place for fiduciary obligations; Geller said he can get information on the cost of that insurance. Kelson added that the insurance policy is specific to governmental insurers and the coverage would be the same as when the service was provided by OUS. Geller clarified that other universities' boards will still have obligations, referring to the example provided in the docket of Oregon Institute of Technology's retirement plan participation agreement. Each institution has to adopt a plan participation agreement, commit to do certain things, and then be responsible for those things. In this example, if OIT makes an error, OIT is responsible. Geller emphasized that there has been much coordination between UO and the other institutions to ensure that the retirement plan arrangements works for each campus.

Moffitt concluded by saying that the goal has been to make this transition as seamless to faculty and staff as possible. Aside from the name of the plans changing to “Oregon Public University Retirement Plans,” there should be few, if any, other noticeable changes to faculty and staff.

Moffitt noted that after the Finance & Facilities Committee meeting, upon feedback from the Trustees, one change was made to the proposed Retirement Committee Charter which now requires the Investment Committee to meet four times per year.

A motion to approve resolutions addressing the adoption of retirement plans and the appointment of additional fiduciaries and trustees was unanimously passed. (Text of the proposed resolutions and detailed vote results are appended.)

FRIDAY, JUNE 13, 2014

Chair Chuck Lillis reconvened the meeting at 8:32am. All trustees were present except Susan Gary.

General Counsel’s Review of Trustee Responsibilities

General Counsel and Interim Board Secretary Geller reviewed legislation with particular application to Board responsibilities, addressing executive sessions and federal privacy law.

Geller noted that executive sessions are held to address issues that cannot be discussed in open sessions, such as labor negotiations or specific personnel actions, and exclude anyone not necessary for the topic. In most cases, news media may be present but cannot report on what transpired. In a few cases, news media are excluded – e.g., where the discussion is with the person designated to handle labor relations, addresses certain kinds of real estate transactions, involves consultation with counsel, or addresses records exempt from disclosure under public records law.

Geller reviewed the history of the 1974 Family Educational Rights and Privacy Act (FERPA) and instances where it might apply. He noted that FERPA protected information must be discussed in executive session. It is not clear whether news media may be excluded from those sessions.

President’s Report

Gottfredson reflected on this time as the Board’s “commencement,” much as students were preparing for their commencement. Having come through a transition year, the Board is now ready to talk about planning and aspirations, which it will do at the September Board retreat.

Before turning to the long-term concerns of the Board, Gottfredson addressed the present problem of sexual violence and harassment on campus. He remarked on the recent events that have drawn strong feelings on campus and in the community. He assured the Board that the university cares deeply about students and about following the law, and that it also cares about transparency. He noted the need to balance rights to privacy and student safety. The complex interaction of behaviors that are occurring needs to be addressed not just by the administration but by students, faculty, staff, families, and communities. He emphasized that the university’s guiding principles are safety and security, providing services to students, and abiding by the law.

Trustee Dotters-Katz lauded the efforts of the Dean of Students office, the UO police department, and others who were the objects of unfair criticism in recent weeks, noting his disappointment in how some

members of the campus community reacted to the events. He expressed appreciation for the administration's determination to respect and protect the rights of both the accusers and the accused.

Gottfredson reflected on the positive accomplishments of the past year – new hires in the administrative team, with the appointment of the provost and two deans; building renovations; a stronger and more diverse freshman class. He stated that it is critically important and in the public's interest for Oregon to have a premier public research university at the highest level of accomplishment. To do that, he said, means the university has an obligation to focus on two things: (1) the highest quality in everything we do compared to other universities, and (2) providing broad access to the people of Oregon.

Gottfredson emphasized the importance of the new governance structure to replace the old one that was not working, to permit the university to meet its obligations to the state and to Oregonians. He noted that the academic plan lays out a good blueprint, articulates our core values, and reinforces our identity as an AAU university. He reiterated the need for data to illuminate our strengths, challenges, and where we need to do better. We will follow the methodology now being followed by our peers in looking at our graduate programs. Since we cannot do everything at once, we will need to focus and be purposeful.

Gottfredson indicated that he has asked every dean to rewrite their campaign objectives; those have been reviewed and fine-tuned and are now guiding the strategic campaign to be launched this fall. He concluded by saying that while the Board has had to deal with a lot of policies and financial processes up to this point, it is now time to focus strategically.

Provost's Report

Provost Scott Coltrane summarized the key elements of his current focus: leadership changes, academic planning and benchmarks, and cluster hiring. He shared a handout from OUS that describes the program approval process under the new governance structure. Coltrane noted that the Provosts' Council – now organized under the Presidents' Council – will use the same forms that OUS has been using but is likely to reduce the scope of programs reviewed.

Coltrane reviewed the cluster hiring process and shared the results. Chair Lillis expressed support for this approach, saying that being able to hire 2 to 4 faculty in a given area is important and can make a huge difference. Coltrane noted that we will bring this approach into our capital planning. The final list of proposals is heavily weighted to the sciences and applied social sciences (education), which has caused some unhappiness for faculty in other fields. He indicated that the review of proposals was done by existing faculty groups and that there was a high level of agreement among them.

President Gottfredson commented on the need to align our space planning with the cluster hiring process, and that it is critical to build additional high quality laboratory space to attract top faculty. Coltrane and Moffitt noted that changes have been made in the university's budget model to better leverage strategic investments.

Further discussion centered on looking at what is needed to advance the UO as a premier research university – for example, how we approach the sciences and programs with applications in the sciences. Coltrane observed that the process means fundamentally trusting the faculty about what the next big area is for the university. President Gottfredson concluded the discussion by saying that this is what the Board will need to focus on in September, now that the Board is fully implemented.

Capital Campaign

Vice President for Advancement Mike Andreasen provided an update on the organizational and staffing changes in his division, noting that one result was a savings of \$1.5 million intended to be redeployed for instruction and research. He introduced Tim Clevenger, Associate Vice President for Communications, Marketing, and Branding, to talk about the new UO branding efforts, with details about the firm selected, timeline, and funding of the effort.

Andreasen provided highlights of the past year in fundraising, noting that we are now ending the quiet phase of the campaign. Some shifts were made in light of recent benchmarking analysis.

The focus of the fall campaign will be on scholarships for Oregon residents and on the faculty cluster hires. A specific fundraising goal won't be identified until the fall but, Andreasen said, it will be "a number that will scare us."

Andreasen commended the work of the UO Foundation, citing the strong partnership with Foundation CEO Paul Weinhold, and the improved database that helps the university better manage fundraising.

Trustees asked questions about location and focus of fundraising efforts. Vice Chair Ginevra Ralph urged Andreasen to make use of trustees both where they live and where they travel. Trustee Wilcox asked about whether there is a particular approach in Portland, where most of the state's population and resources are located. Andreasen indicated that there will be a special focus on the greater Portland area and that he is now hiring more staff in Portland expressly for that reason.

Board members again raised the question of a "penalty for success" in the legislative arena, an issue discussed with HECC leadership in January. Both President Gottfredson and Hans Bernard, Associate Vice President for State and Community Affairs, indicated that they would be watching this closely.

Chair Lillis commented that it would be helpful to have concrete fundraising goals related to what will improve our AAU position, as well as the number and type of scholarships for Oregon students we are aiming at, and suggested that we have this information in September.

President Gottfredson concluded the discussion by noting that we find ourselves in this situation because financing has not kept pace. We need to imagine how to do things differently, he said, keeping our commitment to the public interest. We have to meet the state's interest in a different way. Like all other institutions, we have become more tuition dependent over the years; now we have to be concerned about our endowment.

Closing

President Gottfredson acknowledged the work of departing Trustee Sam Dotters-Katz, General Counsel Randy Geller, and Special Assistant to the President Susan Weeks, thanking them for their extraordinary work and contributions.

Chair Lillis adjourned the meeting at 11:53am.