



OFFICE OF THE BOARD OF TRUSTEES

Public Meeting Notice

October 13, 2017

TO: Southern Oregon University Board of Trustees
FROM: Sabrina Prud'homme, University Board Secretary
RE: Notice of Regular Meeting of the Board of Trustees

The Southern Oregon University Board of Trustees will hold a regular meeting on the date and at the location set forth below.

Topics of the meeting will include reports from the president, board committees, student leadership and faculty senate. The board will review and take action on the president's goals and the board's meeting schedule. There will also be updates on the program with Academic Partnerships; enrollment; and retention, degree conferrals and graduation rates. Topics also will include an overview on cyber security. There will be an update on the fraud matter with a possible executive session pursuant to ORS 192.660 (2)(b);(f); (h); and (n)(E). The meeting also will include a review of the president's evaluation, to be held in executive session pursuant to ORS 192.660 (2)(f) and (i).

The meeting will occur as follows:

Friday, October 20, 2017

12:00 p.m. to 5:00 p.m. (or until business is concluded)

(Lunch to be provided for the board and selected staff members.)

Hannon Library, DeBoer Board Room, 3rd Floor, Room #303

Visit sou.edu/video to stream the meeting proceedings.

The Hannon Library is located at 1290 Ashland Street, on the Ashland campus of Southern Oregon University. **To arrange special accommodations or to sign-up in advance for public comment, please contact Kathy Park at (541) 552-8055 at least 72 hours in advance.**



Board of Trustees
October 20, 2017

Call to Order / Roll / Declaration of a Quorum



Board of Trustees Meeting

Friday, October 20, 2017

12:00 – 5:00 p.m. (or until business concludes)

DeBoer Room, Hannon Library

AGENDA

Persons wishing to participate during the public comment period shall sign up at the meeting.

Please note: times are approximate and items may be taken out of order.

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|---------|---|---|
| | 1 Call to Order/Roll/Declaration of a Quorum | Bill Thorndike, Chair |
| | 1.1 Welcome and opening remarks | |
| | 1.2 Roll and Declaration of a Quorum | Sabrina Prud'homme,
SOU, Board Secretary |
| | 1.3 Agenda Review | Chair Thorndike |
| | 2 Public Comment | |
| | 3 Reports | |
| 30 min. | 3.1 President's Report | Dr. Linda Schott, SOU,
President |
| | 3.1.1 Strategic Planning Update | |
| | 3.1.2 General Updates | |
| 15 min. | 3.2 Committee Reports | Chair Thorndike; Trustee
Slattery; Trustee Sayre |
| 5 min. | 3.3 Student Leadership Report | Daryl Maplethorpe,
ASSOU, President |
| 5 min. | 3.4 Faculty Senate Report | Deborah Rosenberg, SOU,
Faculty Senate, Chair |
| 5 min. | 4 Consent Agenda | |
| | 4.1 Approval of June 16, 2017 Meeting Minutes | Chair Thorndike |
| | 5 Action Items | |
| 30 min. | 5.1 President's Goals for 2017-18 | Chair Thorndike;
President Schott |

Board of Trustees Meeting

Friday, October 20, 2017
12:00 – 5:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library

AGENDA (Continued)

5 min.	5.2	Board Meeting Schedule	Chair Thorndike
85 min.	6	Information and Discussion Items	
10 min.	6.1	Academic Partnerships Update	President Schott; Dr. Susan Walsh, SOU, Provost and Vice President for Academic and Student Affairs
15 min.	6.2	Enrollment Update	Dr. Matt Stillman, SOU, University Registrar and Co-Executive Director of Student Enrollment
25 min.	6.3	Retention, Degree Conferrals and Graduation Rates	Chris Stanek, SOU, Director of Institutional Research
40 min.	6.4	Cyber Security Overview	Brad Christ, SOU, Chief Information Officer
35 min.	6.5	Fraud Update – Possible Executive Session [Pursuant to ORS 192.660 (2)(b); (f); (h); and (n)(E)]	Jason Catz, SOU, General Counsel
30 min.	6.6	Presidential Evaluation – Executive Session [Pursuant to ORS 192.660 (2)(f) and (i)]	Chair Thorndike
5 min.	6.7	Future Meetings	Chair Thorndike
	7	Adjournment	Chair Thorndike

Public Comment

President's Report

Committee Reports

- **Executive and Audit**
- **Finance and Administration**
- **Academic and Student Affairs**

Student Leadership Report

Faculty Senate Report

Consent Agenda



Board of Trustees Meeting

Friday, June 16, 2017

**12:00 – 5:00 p.m. (or until business concludes)
DeBoer Room, Hannon Library**

MINUTES

Call to Order and Preliminary Business

Chair Thorndike called the meeting to order at 12:05 p.m. He welcomed Jeff and Jennifer Nootenboom, Trustee Nootenboom's parents, Tyler Takeshita, Daryl Maplethorpe and Shanztyn Nihipali.

The following trustees were present: Bill Thorndike, April Sevcik, Sheila Clough, Lyn Hennion, Paul Nicholson, Jeremy Nootenboom, Daniel Santos, Teresa Sayre, Judy Shih, Dennis Slattery, Joanna Steinman and Steve Vincent. Trustee Les AuCoin participated via teleconference. Trustee Shea Washington was absent. Trustee Linda Schott (ex officio) also was present.

Other meeting guests included: Jason Catz, General Counsel; Craig Morris, Vice President for Finance and Administration; Dr. Susan Walsh, Provost and Vice President for Academic and Student Affairs; Jennifer and Jeff Nootenboom, Trustee Nootenboom's parents; Janet Fratella, Vice President for Development; Dr. Karen Stone, Associate Vice President for Academic Resource Management; Dr. Greg Jones, Director of Business, Communication and the Environment; Shanztyn Nihipali, SOU student; Steve Larvick, Director of Business Services; Tyler Takeshita, ASSOU President; Devon Backstrom, ASSOU/OSA; Deborah Rosenberg, Faculty Senate Chair; Mark Denney, Associate Vice President for Budget and Planning; Ryan Schnobrich, Internal Auditor; Joe Mosley, Director of Community and Media Relations; AO Black, League of Women Voters; Kelly Moutsatson, Co-Executive Director of Student Enrollment; John Stevenson, User Support Manager; Don Hill, Classroom and Media Services Manager; Sabrina Prud'homme, Board Secretary; and Kathy Park, Executive Assistant.

Trustee Sayre moved to approve the April 21, 2017, meeting minutes, as presented. Trustee Slattery seconded the motion and it passed unanimously.

Public Comment

There was no public comment.

Lunch and Campus Update

As part of the board's required periodic training, Jason Catz provided a governance and ethics overview. He reviewed with trustees the fiduciary duties of care, loyalty and obedience. Mr. Catz then discussed responsibilities of individual trustees, including safeguarding SOU's assets and speaking candidly while fostering respect for others'

opinions. He reminded trustees that the board chair speaks for the board and the president speaks for the university.

Discussing delegation of authority, Mr. Catz said trustees must maintain the balance between management (the role of the president) and governance (the role of the board). The board has retained certain responsibilities for itself but most activities in the operation and mission of the university have been delegated to the president.

Responding to Trustee AuCoin regarding contacting vice presidents and staff, Mr. Catz suggested first asking if an issue could be handled through the board secretary on behalf of the chair or directly with the chair, vice chair or committee chairs. He said the president manages calls from trustees to vice presidents and recommended that trustees not call subordinates. To respect everyone's time, President Schott said trustees should send questions to the board secretary, who will direct them appropriately.

Regarding ethics and conflicts of interests, Mr. Catz said the key concepts of government ethics laws are use of office, gifts, conflicts of interest and the statement of economic interest. These laws are a personal responsibility and any breach is an individual responsibility. Responding to Trustee Clough's inquiry, Mr. Catz said SOU does maintain insurance that would indemnify trustees in appropriate cases. He discussed the prohibitions regarding use of office, as detailed in the meeting materials. He encouraged trustees to contact him with any issues and said he would coordinate with the Oregon Government Ethics Commission when needed. Discussing gifts, Mr. Catz stated the rule, defined the term and exceptions as detailed in the meeting materials, and then covered potential and actual conflicts of interest.

Mr. Catz mentioned the public records law and the ability of any person to inspect nonexempt records. He cautioned against using personal email accounts to conduct board business and stressed the importance of professionalism in email messages.

Mr. Catz then discussed the public meetings law, including the open nature of meetings and notice requirements for meetings and other instances when a quorum exists. Executive sessions are not open to the public but no final decisions can be made in such sessions. Public meetings can take place via email. Responding to Trustee Nicholson's inquiry regarding social gatherings at which a quorum is present, Mr. Catz said there is an exception for social events; however, if a social event is organized for the board, notice is given. Regarding conducting business at a meeting when a quorum existed at the outset but not throughout the entire meeting, Mr. Catz said the board's bylaws say it cannot conduct business, which would include making decisions and holding information sessions, without a quorum. The public meeting law does not restrict the holding of information sessions without a quorum. Mr. Catz and Trustee Nicholson thought this was an issue the board may want to reexamine.

President's Report

Strategic Planning Update – President Schott reminded trustees that the board approved the process and timeline in January; she then recounted each of the major steps in the process that has been completed, especially the values, as detailed in the meeting materials and which informed the vision and mission. Moving to the draft

vision and mission as detailed in the meeting materials, President Schott described how the campus has been engaged in creating them.

Trustee Shih stressed the need to motivate students; President Schott agreed it was critical and said it was somewhat implicit in the idea of guiding learners. Responding to Trustee Clough's inquiry regarding measuring progress in attaining the vision, President Schott thought progress could be measured and particular attention would be paid to measurements in the strategic directions, goals, and objectives. Trustee Nicholson thought "professional preparation" reflected the basic perception that students are at the beginning of their careers, not moving into new careers or moving within their particular professions. He recommended changing it to "professional enhancement" or a similar phrase and President Schott concurred.

President Schott said there is a lot more work to be done so the Cabinet plus-three group, the strategic planning committee, and a subcommittee will work throughout the summer to refine the draft statements and begin drafting the large strategic directions and the key goals under them. These should be ready when everyone returns in the fall, when stakeholders will continue to develop the strategic plan.

Development Update – President Schott said fundraising is going well, that they have exceeded the target. Janet Fratella said the SOU Foundation received a major gift and she thought they might hit the \$5 million mark this year. Funds raised go to capital, public outreach, and scholarships, which continues to be a priority. Responding to Trustee AuCoin's inquiry about staffing, Ms. Fratella said she had eight individuals in her office and the challenge now is there are not enough front-line fundraisers. President Schott said she has asked Ms. Fratella to provide a staffing proposal.

Fraud Investigation Update – President Schott addressed the recent fraud suffered by the university that resulted in \$1.9 million being transferred to an unauthorized recipient impersonating an SOU vendor. She said her staff responded appropriately and immediately by reporting the matter directly to her as soon as it was known and informing the FBI so they could launch a criminal investigation. She reported the matter to Chair Thorndike immediately.

Staff began taking steps to recover the funds, began an internal review of what happened and how it will be prevented in the future, and began the process of determining the extent of SOU's insurance coverage for this event. These efforts have already resulted in the return of \$609,000 to SOU. President Schott said she and her staff will continue working on it and resolving each of these efforts will take time.

President Schott acknowledged that the trustees have important questions that must be asked of her and her staff and, over time, will be answered. However, due to the ongoing nature of the FBI investigation, SOU's internal review, and efforts to recover funds, President Schott said she could not provide a great deal more detail on the matter. She committed to returning to the board with regular updates until the matter is resolved and invited trustees to lodge their questions and much discussion ensued.

Trustee Santos stressed two main points, both of which are being pursued: trying to get back any available resources and finding out what went wrong. Trustees Slattery and Steinman pointed out that trustees have already sent the board secretary numerous

questions or met with the general counsel. Trustee Clough said the tragic aspect to this crime is that preventing a similar occurrence will take resources away from the people the university wants to serve. Trustee Shih recommended reaching out to other universities to help them avoid being victims. Trustee AuCoin stressed the importance of SOU's risk officer in such situations. Trustee Nicholson expressed interest in SOU's insurance coverage and working with the insurance company to ensure continued protection. As a future agenda topic, Trustee Vincent requested a presentation from staff on processes in place to combat computer-related fraud. Mr. Catz confirmed for the record that the crime at issue was a computer fraud, not telephonic. Chair Thorndike expressed his appreciation for the university's rapid response and preparations to resolve the issue and stressed that this will be an ongoing conversation.

President Schott praised Brad Christ, SOU's Chief Information Officer, and said he will make a presentation to the board on cyberfraud issues. Craig Morris added that SOU engaged the FBI as well as the State Treasury, Department of Justice and Department of Administrative Services.

General Updates – President Schott recognized the board's interest in understanding better how SOU engages students, especially after the tuition increase and the HECC meeting. The HECC notified SOU on a Friday that an SOU student expressed concern about involvement in the Tuition Advisory Council (TAC). President Schott met with TAC the following Monday and asked Provost Walsh to call a special meeting of that group. It was a productive meeting and TAC came up with some clear plans for improvement: 1) Create a position description for student members that clearly articulates the role, responsibilities and desired qualifications; 2) Make sure students are appointed to the committee as part of the formal process of appointing students to committees that occurs early in the fall term; 3) Invite President Schott to the first meeting to set expectations for the group; 4) Hold student forums and/or a TAC student panel where students can ask questions; 5) Create an online "University Funding 101" course that can be linked to the budget website and accessed by anyone; 6) Make the pro forma easier to understand and train students on reading the pro forma and understanding the assumptions; 7) Require faculty and student senators to report to their constituent groups information on tuition increases; 8) Take formal minutes and record votes; and 9) All TAC members should attend board committee and full board meetings where their work is presented and discussed.

President Schott said she has also continued her outreach to the general student body, including her "Cookies with the President" and engaging the Financial Aid Office to be even more proactive with students.

President Schott highlighted recent accomplishments of student athletes, athletic teams, and SOU's conference and NAIA standings.

With Mr. Morris' upcoming retirement, President Schott said a search committee was assembled and she discussed the search timeline, which culminates in November. Responding to Trustee Nicholson's inquiry, President Schott and Mr. Morris said the position would be advertised at regional conferences and higher education and finance and administration organizations.

Committee Reports

Executive and Audit – Chair Thorndike said the committee adopted the 2018 Internal Audit Plan and the internal auditor provided a quarterly update on his activities. In Trustee Shih’s absence, Trustee Steinman provided an update on the Governance Work Group, saying the group is making progress on the board handbook. The presidential evaluation process continues, trustees will be asked for their input and the board will take action on it at an upcoming meeting.

Finance and Administration – Trustee Nicholson said the committee has had two meetings since the last board meeting. Most of the committee’s work has been on the budget. In April, the committee used the pro forma to examine different funding scenarios, which led to the committee’s recommendation to the board on the tuition rate. In May, the committee reviewed the draft budget, which will be presented to the board for approval. The committee also reviewed the contractual and financial side of the proposed relationship with Academic Partnerships. Penny Burgess provided an investment report and the committee received a presentation on the purchase of water restoration certificates to offset SOU’s water use.

Academic and Student Affairs – Trustee Sayre said Provost Walsh provided several updates at the committee’s meeting. The Provost’s Council approved the Health Care Administration undergraduate program proposal and it will go to the HECC in August. The Bridge Program has met its enrollment capacity of 50 students. The initial training on Adverse Childhood Experiences went well and there is movement to go forward with RCC to provide that training to other employees. The committee also heard highlights on SOAR and TRiO programs; a faculty Fulbright Scholar award; filling of the housing director position; and Senate Bill 54. The discussion on safe spaces at SOU did not take place because the committee spent a lot of time discussing the proposed relationship with Academic Partnerships; the committee recommended the board approve the proposal.

Student Leadership Report

Tyler Takeshita thanked the trustees for inviting him to meetings over the year. He said he appreciates the support and value the board places on student input in decision-making. On July 6, students will hold a rally to encourage Senator DeBoer to allocate more funding for higher education. Associated Students of Southern Oregon University (ASSOU) has made changes to its bylaws, most notably on the recreation center. Daryl Maplethorpe and Leo McCaffrey were elected president and vice president, respectively. Ms. Maplethorpe thanked President Takeshita for his work and thanked the board for giving ASSOU time to report on its activities. She said she is looking forward to working on exciting issues over the next year, including sexual assault issues, consent laws in Oregon, college and housing affordability, and expanding the food pantry.

Faculty Senate Report

Deborah Rosenberg said this has been a busy year in the senate. They have also been working on their bylaws and spent a lot of time on curriculum, programs, and promotion and tenure clarifications. They voted to approve and support awards for faculty, individual classes, entire curriculum improvements and overhauls, and new programs. The senate supported committee work, ratifying and appreciating the work done, not overturning and undoing the work. She said they are proud the senate

supported Indigenous People's Day. Faculty senate supported the tuition increase, with reluctance but understanding the necessity. They also are actively engaged in strategic planning. Lastly, the senate unanimously supports the work of the provost, president and board.

Trustee Recognition (Action)

Taking agenda items out of order, Chair Thorndike next recognized Trustee Nootenboom for his service on SOU's inaugural board. Chair Thorndike read the proposed resolution included in the meeting materials that detailed some of Trustee Nootenboom's many contributions to SOU and to the board. Trustee Santos moved the motion. Trustee Slattery seconded the motion and it passed unanimously. Trustee Nootenboom expressed his appreciation for serving on the board. Chair Thorndike presented Trustee Nootenboom a small commemorative gift.

Request to Execute Contract with Academic Partnerships (Action)

President Schott said that she has been looking for ways SOU could serve new markets and the relationship with Academic Partnerships would do that. She mentioned the market analysis Joe Lynch and Colleen [Walker] from Academic Partnerships completed on offering an online MBA at SOU. Academic Partnerships brings a high level of expertise to this relationship and she recommends entering into the contract.

Dr. Walsh said she appreciated Dr. Greg Jones' and Dr. Karen Stone's participation in the process. SOU faculty and staff have done their due diligence and engagement has been high. Dr. Jones added that they tried to answer all the hard questions to find out if SOU truly could make it work and he felt SOU could with Academic Partnerships.

Responding to Trustee Shih's inquiry, Dr. Stone said the proposal operates as a carousel model and a class could grow from 20 to 100 students. One hundred students would be too many for one faculty member, so SOU could employ coaches to help smaller groups and their day-to-day questions, allowing faculty to focus on the course. Coaches would be hired based on enrollment and SOU would bear those costs.

Mr. Catz addressed some of the terms of the proposed contract. Since this is for educational services, it is an exempt procurement. The term of the contract is ten years, which is why it is likely to exceed the \$500,000 threshold. If a second program is added, the term for that new program is ten years. There are automatic five-year renewals unless a notice of termination is provided. The revenue split is 50-50. Academic Partnerships has a right of first offer for new SOU online programs that involve third parties. The related Instructional Connections agreement for coaches is not part of Academic Partnerships and SOU would bear all those costs.

Responding to Trustee Shih's inquiry, Mark Denney said there is the possibility of state funding for Oregon resident students but that has not been factored into SOU's financial analysis. State funding would not be split with Academic Partnerships; only tuition would be split. Mr. Morris added that Dr. Stone has created a comprehensive costing pro forma that is conservative and does not factor in state support. Even with the very conservative costing model, Mr. Morris said he sees this as an extremely financially successful arrangement, with very low risk.

Responding to Trustee Vincent's inquiry, Dr. Walsh said anything different from what is being done currently is always a concern. SOU is a very face-to-face institution and cannot deliver this online program alone. The challenge was to help faculty understand this is not something SOU could do in house, that its revenue stream has the potential to help the university and it is just one program. Academic Partnerships is focused on only a few types of programs and the fear of SOU becoming an online university is unfounded.

Trustees Vincent and Clough pointed out that this is an opportunity for SOU that can help with economic growth, both for the university and for the area. President Schott added that there would be a collateral benefit from Academic Partnerships marketing the online program. Trustee Santos thought the program was important because it goes after a market well beyond high school graduates and can positively impact funding from the state.

Trustee Nicholson said the Finance and Administration Committee could not find much in the way of potential financial risks or downsides to the contract. He pointed out that the financial cost to SOU will be around \$50,000 as part of the setup. This cost can be covered with ten students per cohort, which is small in relation to the expected numbers of students.

Trustee Sayre moved: I request approval [for the president] to enter into a contractual agreement with Academic Partnerships for the online delivery of SOU's MBA program, including the following material terms: 1) That the term of the contract be ten years from the date of the launch of any program implemented under the agreement; 2) That, following any program's initial ten-year term, the university may agree to renew the contract for an additional term of five years; 3) That any five-year term of renewal shall also be renewable for additional five-year terms until such time that either party elects not to renew the agreement; and 4) That SOU and Academic Partnerships shall each receive 50 percent of the revenue generated by any online programs subject to this agreement.

I further request approval [for the president] to execute any further agreements necessary to implement the online programs covered by the agreement, subject to the board's authority requiring approval of agreements where the anticipated cost or value to the university exceeds \$500,000.

Trustee Nicholson recommended clarifying that the revenue to be split would only be tuition revenue. Mr. Catz said he would take that direction in finalizing the contract.

Trustee Nootenboom seconded the motion and it passed unanimously.

Fiscal Year 2017-2018 Budget (Action)

Trustee Nicholson said this was the third budget process the board has been through and, each time, the trustees get more information and a deeper understanding. The process has improved each time, particularly with use of the pro forma. Committee members expressed concern about the status of the reserves, the budget, the tuition increase and the impact on programs and services for students. He said SOU is still above the 10 percent ending fund balance threshold. However, there is still a lot of uncertainty regarding state funding and enrollment.

Mr. Denney reminded trustees that this was a 9-month process with in-depth discussion and analysis. There was significant engagement across campus. One key budget aspect was the retrenchment requirement for an ending fund balance of at least 10 percent. The level of state funding for the PUSF is unknown but the board made a commitment to reduce tuition at different funding thresholds and would maintain an ending fund balance over 10 percent in each scenario.

The three key areas of the proposed budget are budgeted operations, designated operations and auxiliary operations. Budgeted operations and designated operations have deficit budget projections, but may end with a surplus status. Auxiliary operations is projecting a surplus budget. The total budget is \$82,229,067.

Mr. Denney then demonstrated the pro forma, using the draft budget. There are still some challenges over the next four years. He said SOU has been excessively cautious and conservative in developing the budget. Mr. Morris said the key to SOU's future success is the growth of enrollment. If SOU's enrollment growth is better than projected, it will have a major impact on future years and it will only take modest increases to sustain the fund balance at 10 percent or better.

Trustee AuCoin praised Mr. Denney's incredible work, saying the substance is excellent and Mr. Denney explains everything patiently and clearly.

Trustee Sevcik said that, when the trustees reviewed the budget in May, the deficit was going to be \$611,204. Although she is supportive, she said she could not raise tuition by 11.4 percent and have the board agree to a deficit budget. She feels strongly that the board must be prudent fiscally and she does not think this is. Chair Thorndike said it is important that trustees represent their own perspectives and that is what makes the board strong. Trustee Hennion and Mr. Morris later complimented Trustee Sevcik for her willingness to speak out and expressed their great respect for her.

Trustee Nicholson moved approval of the resolution as included in the meeting materials, in particular, that the Board of Trustees approves and adopts the Fiscal Year 2017-2018 budget in the sum of \$82,229,067, inclusive of budgeted operations in the sum of \$61,318,743; an auxiliaries budget in the sum of \$16,718,790; and designated operations in the sum of \$4,191,536. Trustee Sayre seconded the motion.

Responding to Trustee Vincent's inquiries, Mr. Denney said the deficit of \$780,000 is coming from the fund balance but the fund balance would still be above 10 percent. He confirmed that the figures are based on a 2.7 percent decrease in enrollment.

Responding to Trustee Shih's inquiry, Mr. Morris said that, if no money were recovered in the recent fraud matter, ultimately it would come from the reserve. He later said this would bring the fund balance to 8 percent, in a worst case scenario. Although the trustees need to have a conversation about what would happen if there were no insurance restitution, Mr. Morris said it could not happen at that time because it is so much broader than just covering a \$1.3 million loss. He added that SOU would work very hard to recover as much as possible of that amount. Mr. Morris encouraged the board to approve the proposed budget because he thought to do otherwise would cause academic programs and student support services to deteriorate.

Chair Thorndike then asked for the vote on the motion. Trustee Sevcik voted nay. The other trustees present voted aye. The motion carried.

Fiscal Year 2017-2018 Internal Audit Plan (Action)

Ryan Schnobrich discussed the internal audit plan, which proposes three assurance service engagements and five consulting agreements. He said he would also be dedicating time to investigative services, governance activities, risk assessment, internal control assessment and continued capacity building, with an eye towards an external quality assessment for internal audit in fiscal year 2019.

Trustee Sayre moved to accept the internal audit plan for the upcoming year, as included in the meeting materials. Trustee Nicholson seconded the motion and it passed unanimously.

Board Officer Elections (Action)

Discussing the elections of the chair and vice chair, Chair Thorndike said the SOU bylaws require the board to elect officers annually, usually in the June meeting. The board secretary did not receive any potential nominations for the position of the chair but did receive four for the position of vice chair: Trustees Sayre, Nicholson, Hennion and Vincent and said each indicated they would be willing to serve if called upon.

Chair Thorndike said he would be willing to serve as the chair for another year. As this is a critical point in time for the president, the board and the university, it was his hope that the current committee chairs would continue to serve in their positions. President Schott said she and Chair Thorndike have developed an excellent working relationship and she is interested in continuing to work with him. She praised the service of the other four trustees, saying she would be pleased to serve with any of them.

Trustee Sayre moved to reelect Chair Thorndike as the board chair. Trustee Sevcik seconded the motion and it passed unanimously.

For varying reasons, Trustees Nicholson, Sayre and Vincent withdrew their names from consideration for vice chair.

Trustee AuCoin thanked Vice Chair Sevcik for her service and said he appreciated her as a board member and as the vice chair. Trustee AuCoin moved to elect Trustee Hennion as the vice chair. He said Trustee Hennion brings knowledge of boards and governance, financial acumen, unerring judgment shown as a member of the board, and her efforts in leading the presidential search. Trustee Sevcik seconded the motion. The motion passed unanimously.

Collective Bargaining Update – Executive Session [Pursuant to ORS 192.660(2)(d)]

Due to a scheduling conflict, Brian Caufield was unavailable to provide an update.

Presidential Evaluation – Information

Chair Thorndike covered this topic in his committee report and had nothing further to add.

Legislative Update

Craig Morris began with the state revenue forecast, which was projected to be up approximately \$400 million for the 2017-19 biennium, exceeding the kicker threshold

by \$69 million. An almost equal amount will be paid to taxpayers unless the legislature makes a change. Senator DeBoer is putting forth a proposal to redirect all kicker funds to K-12. The K-12 operating budget in Senate Bill (SB) 5517 passed with funding of \$8.2 billion but advocates are seeking \$200-300 million more.

Regarding the Public University Support Fund (PUSF), the sports lottery funding for athletics will be restored to the previous level of \$8.2 million, which can be attributed to a lot of hard work especially from the student athletes. Mr. Morris said they are receiving positive signals that the PUSF will be funded higher than the co-chairs' initial budget. Mr. Morris detailed the tentative revenue package put forth in the session.

Legislators also are discussing cost containment. Senate Bill 1068 is a proposal on PERS reform and spending reductions for state agencies. Trustees discussed this topic.

Mr. Morris said he, President Schott, Provost Walsh, Chair Thorndike, Trustee Vincent and a big group of students attended TRU Day. They advocated for a \$100 million funding increase, restoration of the sports lottery, and capital projects.

Mr. Morris said he met with Senator DeBoer and Representative Marsh on the same day the Medford Mail Tribune published its story on SOU's fraud incident. Both legislators were supportive of SOU.

Responding to Chair Thorndike regarding the proposed bill that would require reporting of administrative costs, Mr. Morris said the bill is not just defining upper level administrators but all positions not represented by unions. This would include student support areas and would be bureaucratically onerous. The bill has passed the house and is moving to the senate.

President Schott added that the American Association of State Colleges and Universities asked her to serve as Oregon's state representative to work on state and federal political issues. It can be of service in fighting important battles. With Chair Thorndike's blessing, she accepted the position and will meet with them in July.

Mr. Morris said Liz Shelby continues to support SOU in its work upstate and SOU greatly appreciates her help and support.

Enrollment Update

Kelly Moutsatson reviewed the enrollment dashboard, adding that it is too early to speculate on fall enrollment. Regarding completions, applications are down about 4 percent but awards are up 21 percent. Total applications and admits are up slightly, resident freshmen are up, and transfers are relatively flat. Ms. Moutsatson provided updates on the success of programs such as Raider Registration events and Bridge Program. Her office also has created a viewbook specifically for transfer students.

Future Meetings

To hold down expenses, Chair Thorndike noted that President Schott has chosen not to have an investiture ceremony. The board is looking at using September 28 for a session for new trustees and September 29 for a board retreat. The board and committees would meet again on October 19 and 20.

Adjourn

Chair Thorndike adjourned the meeting at 4:21 p.m.

President's Goals for 2017-18 (Action)

Proposed Presidential Goals for 2017-2018

- 1. Finalize and launch SOU's strategic plan**
 - a. Complete plan by January 2018
 - b. Develop success metrics and implementation timeline by June 2018
 - c. Prioritize work, identify needed funding, and begin implementation.
 - d. Promote SOU's new vision and strategic directions through presentations at regional chambers, service organizations, and editorial boards.

- 2. Align and strengthen SOU's leadership team in support of strategic plan**
 - a. Hire an acting Vice President for Enrollment and Student Life by November 2017.
 - b. Hire a new Vice President for Finance and Administration by December 2017.
 - c. Revise senior leadership structure as needed to implement strategic directions by June 2018.

- 3. Ensure the financial stability of SOU**
 - a. Achieve SOU's annual fundraising goal of \$3.25 million dollars and develop the Big Ideas that will identify SOU's uniqueness for donors.
 - b. Increase the budgeted fund balance from \$6,141,000 (10.1%) to at least \$6,891,000 (11.2%), by the close of FY18.
 - c. Meet enrollment goals established in the Strategic Plan
 - d. Exceed performance metrics related to student success and financial stability (currently under development)

- 4. Work with the Associated Students of Southern Oregon University and the local community to begin to address housing issues.**
 - a. Form a task force of faculty, staff, and students by November 2017. Invite Ashland city officials and the Ashland Chamber of Commerce to appoint representatives to the task force.
 - b. Determine the scope of the affordable housing problem and begin to develop possible solutions.
 - c. Identify or create and promote tools/resources to help students secure local, affordable housing.

5. Initiate campaign to make funding formula more equitable to SOU

- a. Provide leadership to position SOU as an authoritative source on campaign information
- b. Meet with local legislators during Fall 2017 to explain how the formula disadvantages SOU
- c. Identify how the formula needs to change and develop a political strategy for securing needed support for those changes
- d. Engage Board of Trustees in campaign efforts

6. Establish a reputation for expertise on the future of higher education and on statewide educational policy issues

- a. As the Oregon representative, actively participate in all meetings of the Council of State Representatives for the American Association of State Colleges and Universities.
- b. Promote SOU's new vision and strategic plan to state and federal legislators, philanthropic leaders, and the Higher Education Coordinating Commission

University metrics for use by
President Schott in Goal-setting

Course Sizing	Target	Actual	Target	Actual	Target	Actual
	Fall 17	Fall 17	Winter 18	Winter 18	Spring 18	Spring 18
Average Course Size	26		26		26	
Lower Division	32		30		28	
Upper Division	23		23		23	
Graduate	14		14		14	
Number of Low Enrollment Courses	18		22		25	
Lower Division	4		6		7	
Upper Division	7		8		9	
Graduate	7		8		9	
Faculty Teaching Ratio		Target AY 2017-18		Actual AY 2017-18		
Percent of teaching ELU vs. expected teaching ELU	87%					
Adult Learners		Target AY 2017-18		Actuals AY 2017-18		
Admitted students: % of age > 40	8.66%					
INL program FTE enrollment	8					
Teacher licensing (initial admin and continuing teaching)	23					
Enrollment Data (includes all students not just admitted)	Target	Actual	Target	Actual	Target	Actual
	Fall 17		Winter 18		Spring 18	
HC Enrollment Total (actuals taken from EOT-Graybook)	5935		5557		4864	
actual as a % change vs. target	na					
actual as a % change vs. prior	na					
FTE Enrollment Total	4186		3902		3653	
actual as a % change vs. target	na					
actual as a % change vs. prior	na					
FTE Undergraduates Total	3868		3580		3356	
Residents	2430		2249		2108	
Non-Residents not paying WUE	347		322		301	
Non-Residents paying WUE	1090		1009		946	
FTE Graduates Total	318		322		297	
Residents	233		236		218	
Non-Residents	85		86		79	
Admission Data		Target Fall 18		Actual		
First-year Applicant Count (conversion rate = 78%)	2754					
Matriculation Rate	35.5%					
Transfer Applicant Count (conversion rate = 85%)	922					
Matriculation Rate	66.7%					
Graduate Applicant Count (conversion rate = 60%)	345					
Matriculation Rate	68.4%					
International Applicant Count (conversion rate = 72%)	137					
Matriculation Rate	46.6%					

Targets have been set by an analysis of the last three years and the recognition that most current AY 2016-17 course sizing is "right sized."

Tracked on an annual basis only and categories included from the Faculty Loading Report (FLR) consist of:
 - ongoing professional (36/yr)
 - ongoing professional (45/yr)
 - yearlong professional (36/yr)
 - yearlong professional (45/yr)
 - term by term (45/yr)

Possible categories to quantify SOU's service/commitment to adult learners.

 Targets set at AY 2016-17 totals and need to still be verified.

AY 2017-18 enrollment targets are based on SOU's initial budgeted projection of -2.67% from prior year actual.

 If enrollment targets are to be established beyond AY 2017-18 then a 0.5% increase over prior year targets are recommended. However, all future enrollment targets need to be annually adjusted and based on prior year actuals when available.

Count targets are set to Fall 17 actuals plus 0.5% increase. Note that admission applications will not be officially tracked for winter and/or spring quarters.

 Matriculation rate (enrolled vs: admitted) within each category defined and targets set to 1.5% better than last three year average.

 Conversion rates (admitted vs: applied) is established from prior 3 year average.

University metrics for use by
President Schott in Goal-setting

Retention - All admitted UGs Fall to next Fall		Target for Cohort 2017 Fall 17 to Fall 18	Actual
All Undergrads		74.6%	
All First-time Full-time Freshmen		74.5%	
All Undergrad Transfers		74.6%	
All Oregon Residents		73.6%	

Target set to prior year actual.

Retention - All newly admitted UGs Fall to next Fall		Target for Cohort 2017 Fall 17 to Fall 18	Actual
New Undergrads		71.9%	
New First-time Full-time Freshmen		67.5%	
New Undergrad Transfers		78.8%	
New Oregon Residents		67.5%	

Target set to prior year actual.

Retention - All newly admitted UGs Fall to third Fall		Target for Cohort 2016 Fall 16 to Fall 18	Actual
New Undergrads		62.7%	
New First-time Full-time Freshmen		58.9%	
New Undergrad Transfers		67.4%	
New Oregon Residents		58.6%	

Target set to prior year actual.

Completion - Conferrals and 6 Yr. Grad Rates		Target for Completions in AY 2017-18	Actual
Conferred Awards Count (all degrees & certs)		1287	
Graduation Rates (see sub categories below)			
First-Time Full-time Freshmen: Cohort entering Fall 12		40.7%	
Freshmen Transfer: Cohort entering Fall 12*		51.5%	
Sophomore Transfer: Cohort entering Fall 13*		52.0%	
Junior Transfer: Cohort entering Fall 14*		52.5%	
Senior Transfer: Cohort entering Fall 15*		53.0%	
*Transfer Cohort Note			

Target established as 3 year trailing average of

*Transfer cohorts are adjusted to allow for an extra year toward completion recognizing the potential of slowed progress toward completion due to articulation issues.

Headcount to FTE ratio (admitted students)		Target Fall 17	Actual	Target Winter 18	Actual	Target Spring 18	Actual
Undergraduate Ratio*		1.14		1.14		1.16	
Graduate Ratio*		1.25		1.30		1.26	
*Ratio Note							

Target set to prior year actual.

The ratio measures the course carrying load of students. As the ratio approaches 1.0 the student is carrying a more full time load which is defined as 15 hours per quarter for undergraduates and 12 hours per quarter for graduate students.

Fund Balance		Target FY18	Actual
Revenue		\$57,871.00	
Payroll (including OPE)		(\$46,540.00)	
S&S and Capital Outlay		(\$9,351.30)	
Net Transfers In (Out) and Fund Additions (Deductions)		(\$2,145.70)	
Net Increase (Decrease)		(\$166.83)	
Ending Fund Balance - as a % of revenue in \$1,000's		6,710.54	11.6%

Target currently set to ending position from FY17. Any changes should be done in consultation with Craig Morris & Mark Denney.

Note: should all these categories be included or

Board Meeting Schedule (Action)

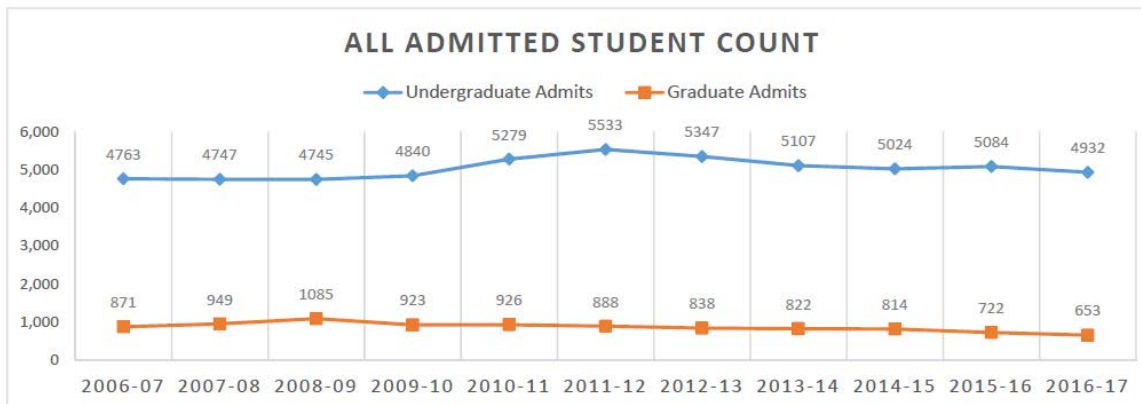
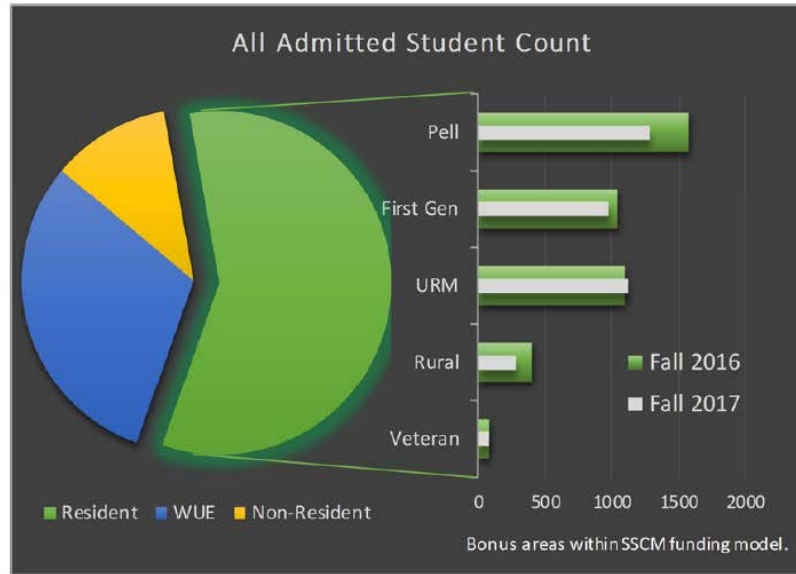
**SOU Board of Trustees
Board and Committee Proposed Meeting Schedule**

MEETING	Academic and Student Affairs	Finance and Administration	Executive and Audit	Board of Trustees
DAY	Third Thursdays	Third Thursdays	Third Fridays	Third Fridays
FREQUENCY	Four Times Per Year (As needed for curriculum approvals)	Seven Times Per Year	Four Times Per Year	Four Times Per Year (Plus a Fall Retreat)
TIME	12:00-3:30 p.m.	4:00-6:00 p.m. 4:00-5:30 p.m. Budget Mtgs	9:30-11:30 a.m.	12:00-5:00 p.m.
	October 19, 2017	October 19, 2017	October 20, 2017	October 20, 2017
				Special Meeting November 16, 2017 3:00 – 4 :00 p.m.
	January 18, 2018	January 18, 2018	January 19, 2018	January 19, 2018
		February 15, 2018 (Budget focus only)		
	March 15, 2018	March 15, 2018	March 16, 2018	March 16, 2018
		April 19, 2018 (Budget focus only)		April 20, 2018 (Hold for possible meeting)
		May 17, 2018 (Budget focus only)		
	June 21, 2018	June 21, 2018	June 22, 2018	June 22, 2018
			Special Meeting? September 27 or 28, 2018	Retreat September 27-28, 2018
	October 18, 2018	October 18, 2018	October 19, 2018	October 19, 2018
	January 17, 2019	January 17, 2019	January 18, 2019	January 18, 2019
		February 21, 2019 (Budget focus only)		
	March 21, 2019	March 21, 2019	March 22, 2019	March 22, 2019
		April 18, 2019 (Budget focus only)		
		May 16, 2019 (Budget focus only)		
	June 20, 2019	June 20, 2019	June 21, 2019	June 21, 2019

Academic Partnerships Update

Enrollment Update

Enrollment Update



Student Headcounts
Fall 2016 Week Ending 10/16/16 vs. Fall 2017 Week Ending 10/15/17
3 Weeks After Start of Term

	Fall 2016	Fall 2017	Change	% Change	Fall 2016 End of Term	Change	% Change
New Freshmen	691	747	56	8.1%	690	57	8.3%
New Transfers	542	547	5	0.9%	544	3	0.6%
New PostBacs/Graduates	142	150	8	5.6%	144	6	4.2%
Subtotal - New Students	1,375	1,444	69	5.0%	1,378	66	4.8%
Continuing Students	3,062	3,016	-46	-1.5%	3,064	-48	-1.6%
Returning After an Absence	217	225	8	3.7%	217	8	3.7%
Non-Admitted	1,113	1,123	10	0.9%	1,439	-316	-22.0%
Grand Total - Headcount	5,767	5,808	41	0.7%	6,098	-290	-4.8%
Grand Total - FTE	4,218	4,320	102	2.4%	4,295	25	0.6%
Resident	3,868	3,842	-26	-0.7%	4,184	-342	-8.2%
Non-Resident	1,899	1,966	67	3.5%	1,914	52	2.7%
International	157	149	-8	-5.1%	158	-9	-5.7%
American Indian/Alaskan Native	59	51	-8	-13.6%	58	-7	-12.1%
Asian	92	87	-5	-5.4%	89	-2	-2.2%
Black/African American	113	108	-5	-4.4%	111	-3	-2.7%
Hispanic/Latino	548	552	4	0.7%	545	7	1.3%
Pacific Islander	26	33	7	26.9%	26	7	26.9%
North African, Middle Eastern, Other	36	33	-	-8.3%	38	-5	-13.2%
Two or More Races	445	447	2	0.4%	445	2	0.4%
Subtotal - Students of Color (race & ethnicity)	1,319	1,311	-8	-0.6%	1,312	-1	-0.1%
White	2,956	2,895	-61	-2.1%	2,927	-32	-1.1%
Unknown	1,335	1,453	118	8.8%	1,701	-248	-14.6%
Alaska	67	63	-4	-6.0%	67	-4	-6.0%
California	1,213	1,271	58	4.8%	1,223	48	3.9%
Hawaii	118	103	-15	-12.7%	118	-15	-12.7%
Idaho	34	32	-2	-5.9%	34	-2	-5.9%
Washington	148	159	11	7.4%	149	10	6.7%
All Other States	218	233	15	6.9%	225	8	3.6%

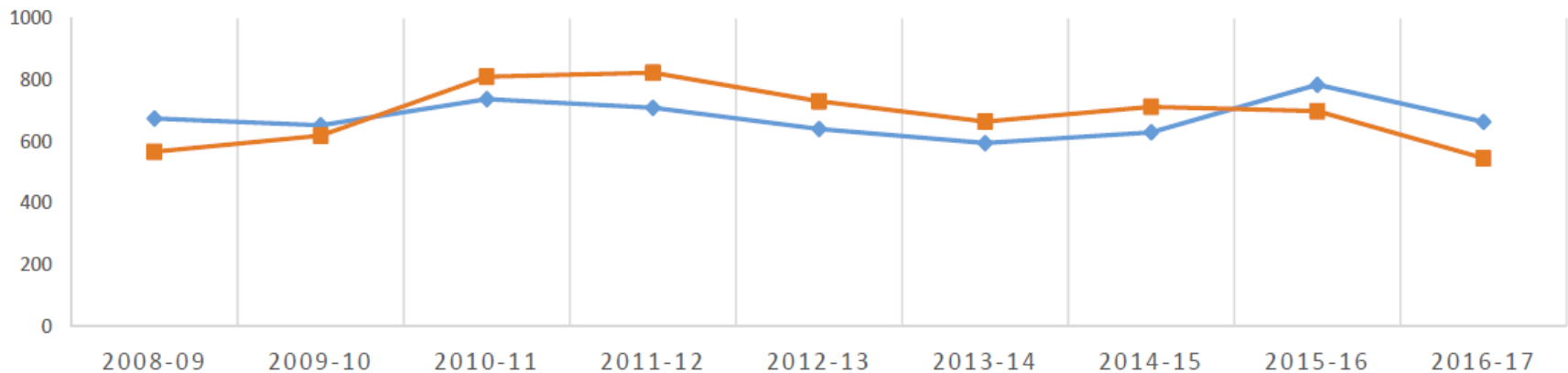
Retention, Degree Conferrals and Graduation Rates

New Admitted Students

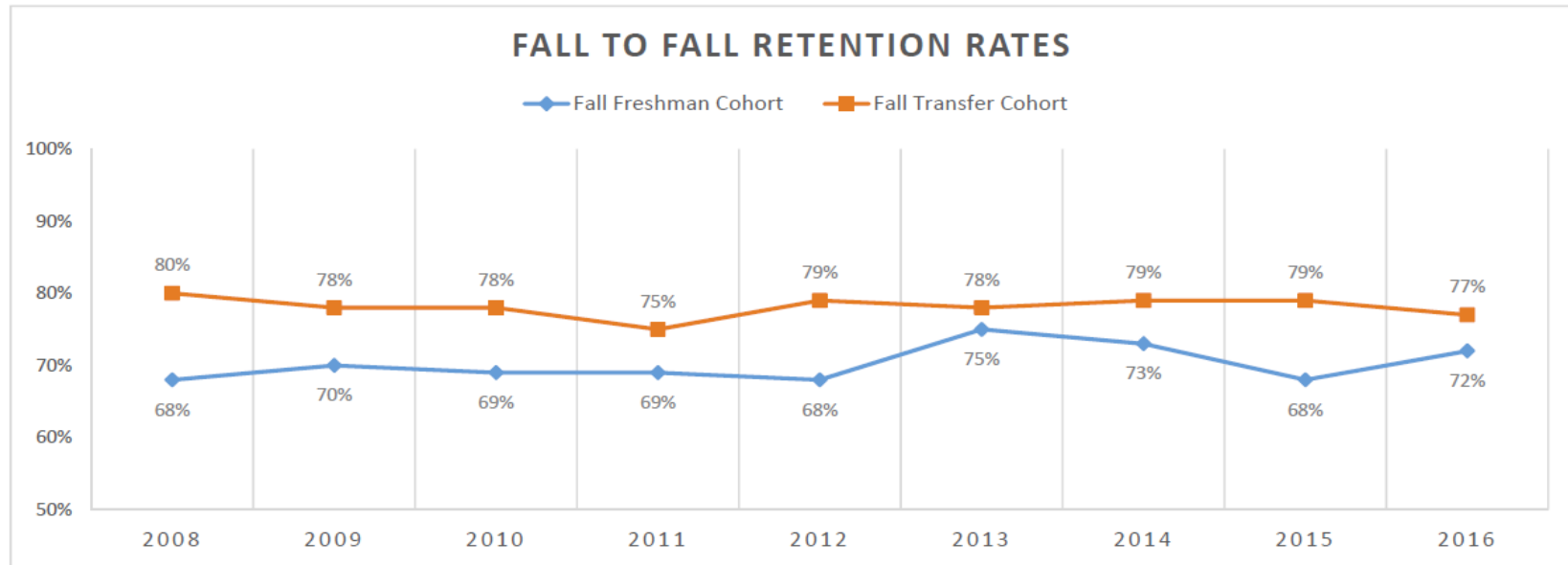
Each academic year SOU attracts hundreds of new students replacing those lost due to completions and attrition. Over the last 10 years these numbers represent as many transfer students as new freshmen.

NEW ADMITTED STUDENT COUNT

◆ New Freshman ■ New Transfer



Retention Rates

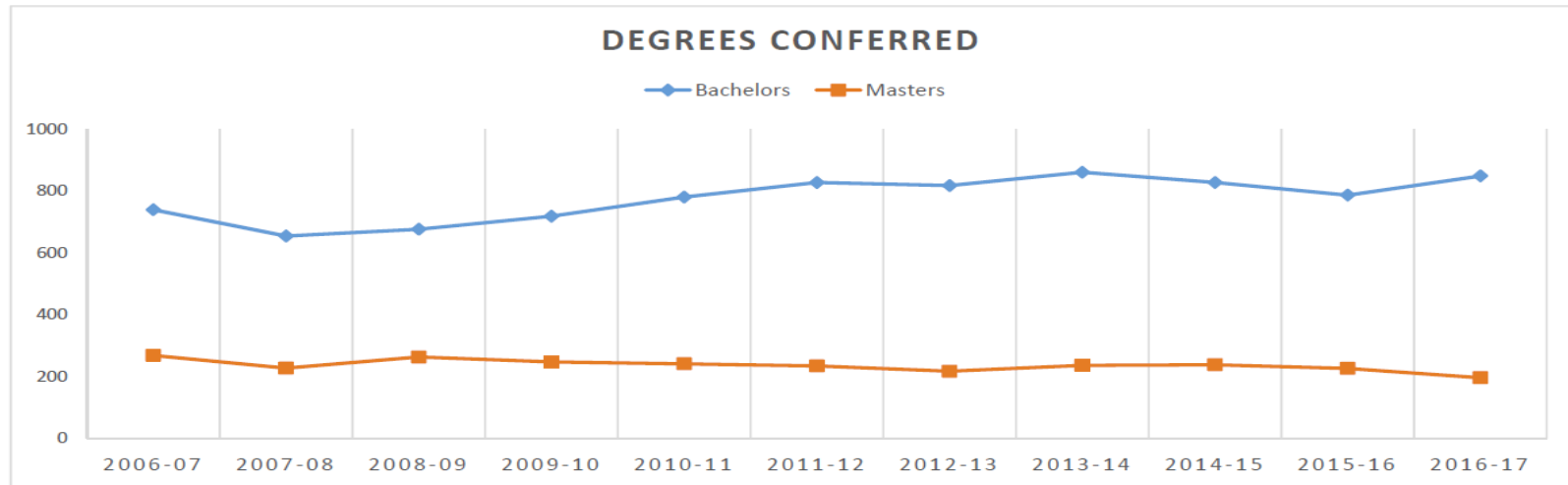


The average freshmen retention rate over the last 10 years of **four state comparator institutions*** has ranged between 65 and 71 percent.

The average freshmen retention rate over the last 10 years of **all seven public universities** has ranged between 70 and 75 percent.

*PSU, WOU, EOU, SOU

Degree Conferrals



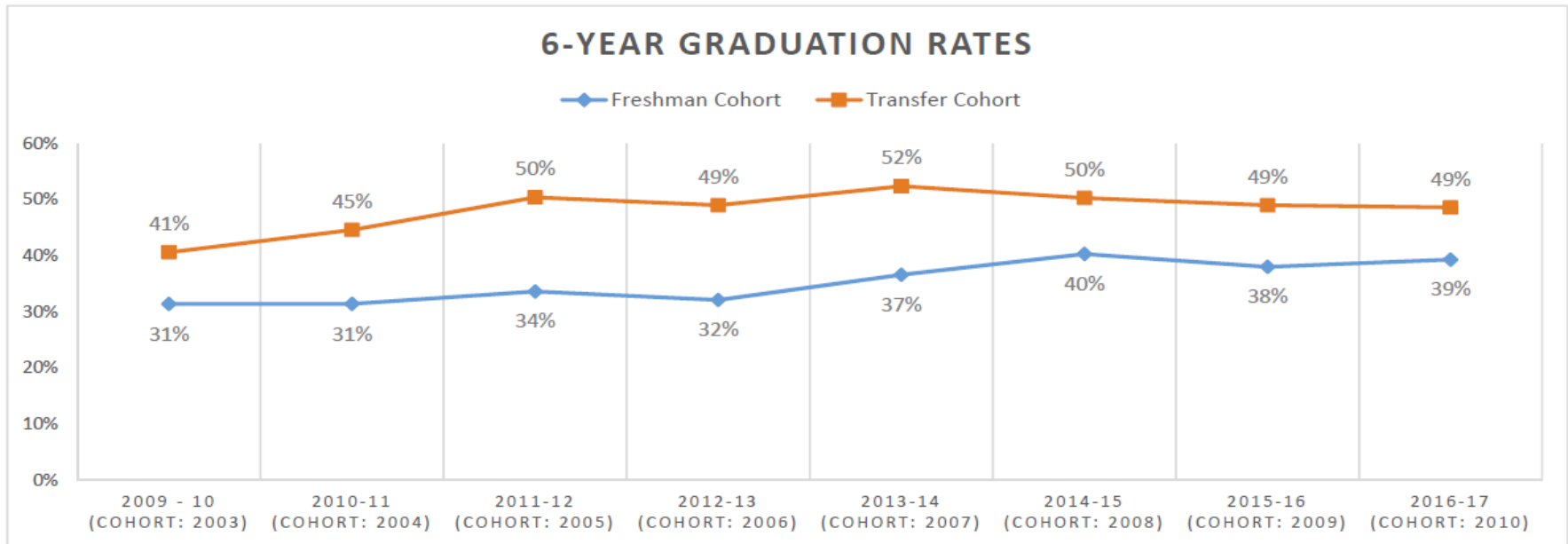
SSCM Priority Subpopulation Counts*				
	2014-15	2015-16	2016-17	3 year avg
AOS	54	50	49	51
URM	90	80	108	93
PELL	404	339	389	377
Rural	100	53	69	74
Vet Benefit	8	6	13	9

* number of resident students receiving a bachelor degree

What percentage of conferred awards go to resident Oregonians?

- Approximately 64% of bachelor degree recipients.
- Approximately 57% of master degree recipients.
- Approximately 79% of certificate recipients.

Graduation Rates



The average freshmen graduation rate over the last 10 years of **four state comparator institutions*** has ranged between 34 and 41 percent.

The average freshmen graduation rate over the last 10 years of **all seven public universities** has ranged between 44 and 49 percent.

*PSU, WOU, EOU, SOU

Cyber Security Overview

Threat Landscape

Far-reaching vulnerabilities, faster attacks, files held for ransom and more malicious code than ever.



MOBILE DEVICES

3x more Android apps contained malware-- 230% increase from previous year.



WEB THREATS

Cybercrime cost the global economy up to \$575 billion annually




SCAMS & SOCIAL MEDIA

76% social media scams manually shared— 6% increase from previous year.



PRIVACY BREACHES

Half a Billion records stolen or lost. 89% had financial or espionage motive.



TARGETED ATTACKS

65% of targeted attacks struck small- and medium-sized Orgs.

Top 10 Types of Information Exposed			
Real Names	78%	Financial Info	33%
Home Addresses	44%	Email Addresses	21%
Birth Dates	41%	Phone Numbers	19%
Gov. IDs	38%	Insurance	13%
Medical Records	36%	Login Credentials	11%

Source: Internet Security Threat Report, 2017

Threat Actors and Motives

Who would target us and why?

THREATS



HACKTIVISM

- Hacktivists use electronic exploitation to advance their political or social causes.



CRIME

- Individuals and sophisticated criminal enterprises steal personal information and extort organizations for financial gain.



INSIDER

- Trusted insiders steal proprietary information for personal, financial, and ideological reasons.



ESPIONAGE

- Nation-state actors conduct computer intrusions to steal sensitive state secrets and proprietary information from private companies.



TERRORISM

- Terrorist groups sabotage the computer systems that operate our critical infrastructure, such as the electric grid.



WARFARE

- Nation-state actors sabotage military and critical infrastructure systems to gain an advantage in the event of conflict.

Threat Actors and Motives

Why target higher education?

REASONS

Personally Identifiable Information (PII)

- Institutions possess large amounts of PII. This information can be sold, traded, or ransomed.



Intellectual Property

- University intellectual property and research data are very valuable assets. In some cases, this is classified or very sensitive data.



Medical and Patient Data

- University clinics and hospitals have patient data and medical research.



IT Infrastructure

- Universities have large numbers of computers, servers, and network devices that can be exploited along with low-security networks that can be leveraged to stage additional attacks and intrusion.



Fast and Robust Internet Connections

- Universities provide access to broad national and international networks over very fast connections.



Openness, Transparency, and Security Practices

- Universities are open and transparent organizations. Decentralized responsibilities can lead to significant security gaps that are easily exploited.



Vulnerable

Nature of Higher Education and Security Practices

REASONS

Trust Model

- Heterogeneous nature of academics and collaborative research environment leads to a trust model for network and information security.
- Example: No border firewalls at large research universities like OSU, U of O, MIT, etc.

Decentralized IT Infrastructure

- Common standards for security don't exist or aren't enforced.
- Lack of qualified or sufficient information technology professionals leads to poor security practices.
- Leads to a lack of clear lines of accountability and responsibility.

Underutilization of and/or Unwillingness to Adopt Better Security Practices

- Low user awareness and even apathy about security.
- Active resistance to tighter security practices due to perceptions of control, inconvenience, or purpose (e.g. "the administration will spy on my activities").
- Insufficient funding.

Distributed Responsibilities and Inadequate Staffing

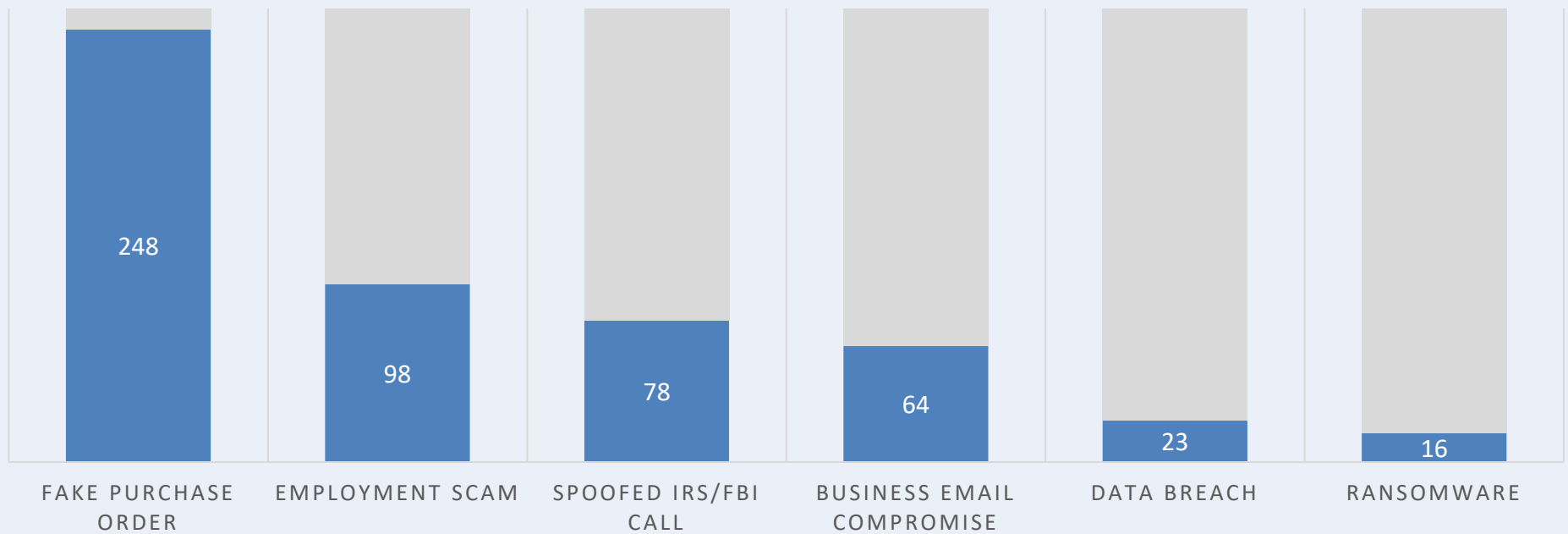
- Few centralized administrative functions.
- Relatively independent departments, divisions, and schools, often with their own policies and procedures.
- Poor and inadequate staff training.
- Insufficient staffing levels.

Scope



Recent Trends in Crimes Targeting Academia

REPORTED INCIDENTS, JULY 2016 – April 2017



Source: FBI Internet Crime Complaint Center, 2017

Scope

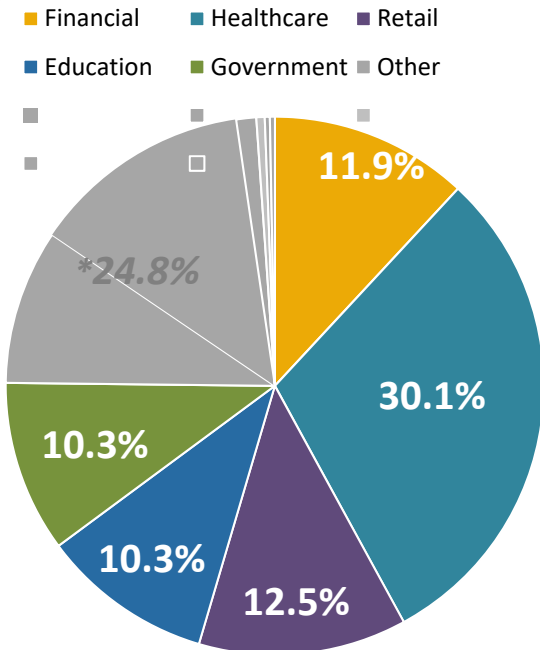


Privacy Breaches: 2,260¹

Total Records Lost: 429m¹

Avg. Cost Per Record: \$221²

BY INDUSTRY¹



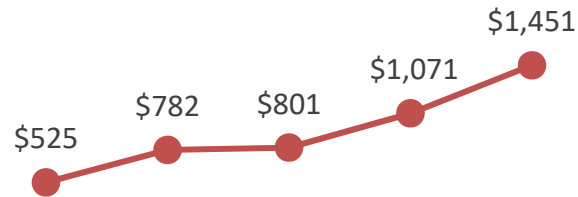
*(Unknown, Insurance, Hospitality, Non-profit, etc.)

SINCE 2012³

Annual Complaints

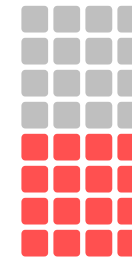


Reported Losses (in millions)

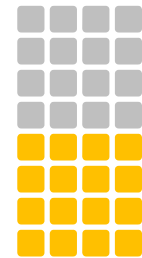


BY SOURCE²

50%
Malicious or
Criminal



50%
Insider
Threat



Sources: 1. <http://breachlevelindex.com>. (Database based on publicly-available breach disclosure information. Statistics based on number of breaches)
 2. 2016 Cost of Data Breach Study: United States” by Ponemon Institute
 3. FBI Internet Crime Complaint Center, 2017

Types of Attacks

Breaches

Vectors

- Phishing
- Unpatched vulnerabilities, e.g. Equifax
- Poor supplier security, e.g. Target
- Non-compliance, e.g. TJ Maxx cash register compromise
- Active “Black Hat” hacking, e.g. Washington State University
- Insiders
- Poor employer practices, e.g. unsecured accounts or accounts left open for terminated employees
- Inadvertent disclosure through poor data practices, e.g. posting research data on an unsecured website

Impacts

- Regulatory fines
- Loss of reputation and enrollment
- Loss of grants and federal funding
- Litigation
- Remediation costs

Privacy & Security

OHSU pays \$2.7 million fine to HHS Office for Civil Rights for two HIPAA breaches

Officials from Oregon Health and Science University said that one of the incidents was because of a stolen laptop, while the other involved a cloud storage service business associate.

Types of Attacks

Purchasing Fraud

Vendor Purchase Order Fraud

- Vendor receives fakes purchase orders that seem to come from a University: sou.com purchasing@souedu.org
- Request for credit account setup (Net 30 terms, etc.)
- Vendor sends item to an off-site location.
- Vendor contacts University for payment.



FEDERAL BUREAU OF INVESTIGATION
WEAPONS OF MASS DESTRUCTION DIRECTORATE
WMD INTELLIGENCE ANALYSIS SECTION
OPERATIONS BULLETIN



10 January 2014

(U//FOUO) Use of Fraudulent University E-Mail Accounts to Purchase Chemicals

(U) Background

(U//FOUO) Several chemical companies have received purchase orders for bulk chemicals and equipment from individuals using fraudulent e-mail accounts in an attempt to pass themselves off as representatives of universities. Many of these requests have been deemed legitimate likely due to e-mail content containing information commonly associated with university purchase orders:

Fake Invoice

- University receives invoice from “new” vendor via email, fax, or mail.
- Official looking and plausible invoices.
- “Vendor” often demands quick or immediate payment for “past due” debt.



DOMAIN LISTINGS

Date 9/30/2017
Website sou.edu
Number 282-1848
Return By 11/6/2017



WEBSITE LISTING SERVICE

DOMAIN NAME	SOU.EDU
DESCRIPTION OF SERVICES	ANNUAL WEBSITE DOMAIN LISTING FROM NOVEMBER 15, 2017 THRU NOVEMBER 14, 2018
	TOTAL FOR ANNUAL LISTING: \$228.00

Types of Attacks

Business Email Compromise

Scope and Types

- Since January 2015, 1,300% increase in identified losses. Victims in every state.
- From October 2013 through May 2016:
 1. 14,032 US victims
 2. \$960 million in losses
- Most Common Scenarios:
 1. Banking account changes for established vendors.
 2. Executive receiving or initiating request for a wire transfer.
 3. Receiving fraudulent correspondence through a compromised email account.
 4. Attorney or law-firm impersonation, requesting quick monetary settlement.
 5. Executive request for sensitive data.

Vendor Banking Account Update

- Posing as an established vendor, scammer sends email to the university's accounting with bank account changes to be used for future payments.
- Most commonly construction company.
- Scammer uses a domain very similar to the actual address of the company: abcbuilders.com instead of abc-builders.com
- Next regular payment by university delivered to scammer's bank account.



About the Fraud Scheme

We have recently learned that several states may have been defrauded by a scheme involving Automated Clearing House (ACH) payments to vendors. One state lost approximately \$2 million as a result of the scheme. The affected states received documents from the fraud perpetrators requesting changes to vendor bank account information.

Types of Attacks

Business Email Compromise

Sensitive Data Theft

- Posing as an executive, scammer sends a request to the payroll or HR office requesting sensitive data like W-2 information.
- Fraud may include spoofed telephone calls.
- Emails are well-worded, specific, and do not raise suspicions.

W-2 information at risk for thousands of workers after breach

W-2 information at risk for thousands of workers after breach

Wage and Tax Statement 2017
Department of the Treasury—Internal Revenue Service

Filed With Employee's FEDERAL Tax Return.
is being furnished to the Internal Revenue Service.

JENNIE RUNEVITCH
PUBLISHED FEB 20TH, 2017 - 12:30PM (EST) UPDATED FEB 23RD, 2017 - 2:00PM (EST)

INDIANAPOLIS (WTHR) - It's happened again.
For the third time in a month, an Indianapolis company has been hacked by a sophisticated scam that tricks Human Resources workers into sending out sensitive documents with

Altering Direct Deposit Info

- Phishing emails solicit login information from employees.
- Often directed to official-looking website to verify or correct account information.
- Scammers update employee's direct deposit info, next paycheck gets redirected to fraudulent bank account.
- Scammers may even setup email rules to cover their tracks.

----- Forwarded message -----
From: Payroll <payroll@sou.edu>
Date: Tue, Aug 8, 2017 at 7:37 AM
Subject: email addresses updated
To:

This email is to confirm that you have successfully updated your email via [self service](#).

This update occurred on 08/08/2017 at 09:13 a.m.

If you did not update this information online, please go to <http://www.sou.edu/eid/help/stolen.html>

or call the Information Technology Services (ITS) Help Desk at 800-735-000 for assistance.

Please note that if you have multiple email accounts with Us, you may receive this message at each email address. If you performed multiple updates, you may also receive separate email confirmations.

Thank you,

Payroll Team

Types of Attacks

Business Email Compromise and Ransomware

Employment Scam

- Scammers advertised phony job opportunities and/or students receive emails to their university-accounts recruiting them for fictitious positions.
- Fraud schemes include depositing counterfeit checks with instructions to send a portion of the check to a third-party “vendor” or requesting the student to buy items to be shipped elsewhere and they’ll be reimbursed.

Dear

I am looking for a resourceful, reliable individual who can work with good understanding You are a team member who just happens to work remotely. Working with me is basically personal assistant, your activities among other things will include.

Basic wage is \$300 Weekly.

My name is Sebastian Cortez, I represent Armada Holding Group in United State as a E Management, and Hospitality with it's head office in Dubai, UAE. At Armada Our Aim is which also have a strategic value. We place a strong emphasis on doing business with

Due to the nature of my job, as a busy professional family man and my frequent travelin hours each day at least.

Business Development Officer
Armada Holding Group Inc®
195 Montague Street (14th Floor)
Brooklyn NY



Ransomware

- Infections spread through malicious email attachments or links, unpatched software vulnerabilities, or compromised downloads.
- Ransoms usually requested in cryptocurrencies like Bitcoin.
- Ransom payments extorted total about \$1 billion in 2016, up from \$24 million in 2015.



Mitigation and Remediation

Actions Taken by Southern Oregon University

Information Technology

- ✓ Network Access Control for our public networks. Who is connected?
- ✓ Regular and periodic patching of servers, networking devices, and computers.
- ✓ Isolation and/or removal of obsolete and outdated operating systems.
- ✓ Regular scanning of servers and systems for vulnerabilities.
- ✓ Strong border firewall in-place. Additional firewalls to protect vulnerable or sensitive device networks (e.g. security cameras). Computer and server-based firewalls in-place.
- ✓ Sender Protection Framework and Domain Key Signing for email, helping to identify potential phishing or fraudulent email.
- ✓ Policies and Procedures: Incident Response Plan, Information Security Policy, Account and Account Security Policies, Business Continuity Plan.

Mitigation and Remediation

Actions On-going and In-Progress by Southern Oregon University

Information Technology

- | |
|---|
| ✓ Adding automated log management and review (i.e. Security Information and Event Management). |
| ✓ Multi-factor authentication implementation in-progress, protecting accounts against compromise. |
| ✓ Employee Training, regularly scheduled and by request. |
| ✓ Threat and information sharing with colleagues: REN-ISAC, MS-ISAC, NWACC, NERO |
| ✓ Monitoring for account compromises. Updates from services like, “have I been pwned?” |
| ✓ PCI Compliance |
| ✓ Enterprise Risk Assessment and Management |



Questions?

Fraud Update
Possible Executive Session [Pursuant to
ORS 192.660 (2)(b); (f); (h); and (n)(E)]

Presidential Evaluation – Executive Session **[Pursuant to ORS 192.660 (2)(f) and (i)]**

Future Meetings

Adjournment