

MINUTES OF THE MEETING
of the
BOARD OF TRUSTEES
November 22, 1963

Mr. Breslin reported on the action taken by the Michigan Legislature with reference to the authorization for the construction of the new dormitory at Oakland University.

Approval to
set up reserve
fund for
construction
of dormitory

After discussion, on motion by Mr. Huff, seconded by Dr. Smith, it was unanimously voted to acquiesce in the action of the State Legislature, insofar as setting up a reserve fund equal to 2% of the cost of self-liquidating projects is concerned, to be eventually used for the cost of facilities to provide public utilities but that these funds will be retained in the custody of the University in segregated accounts or funds.

It has been determined that if we are to elect to comply with existing state legislation covering exemption from fees for the children of deceased veterans, it is estimated that this could involve a total of 241 students and that \$324 per student could involve a waiving of fees in the amount of \$87,084 per year.

Approval of
inclusion of
veterans'
children under
terms of State
legislation

On motion by Mr. Stevens, seconded by Mr. Merriman, it was voted to approve the inclusion of the children of deceased or permanently disabled war veterans under the terms of the State legislation with the proviso that each student must be able to qualify on the basis of need in the same manner as required of other scholarship students receiving University fund scholarships. This is to be effective January 1, 1964 for MSU and at the beginning of the next semester at Oakland University.

Chancellor Varner presented a discussion of some of the problems facing Oakland University in connection with dormitories. Mr. May presented the following statement:

Authorization
to proceed
with dormitory
as outlined

I. Legislative Authority

Oakland has legislative authority to build a 500-unit dormitory at the cost of \$2,000,000.

It proposes to immediately build a unit containing rooms for 200 students. Mr. Varner has submitted a project budget requiring about \$825,000 or \$4,125 per student housed.

While the building does not appear elaborate, the cost of \$4,125 per student for room only appears on the high side. There is approximately 5 to 10% more space in each of the student rooms. It was noted in the models that there is more built-in casework, doors in closets, etc. than we use in East Lansing. The type of materials has not been reviewed since we have been advised that plans and specifications have been completed and are ready for delivery to contractors on November 21, 1963.

II. Need for Additional Dormitory Space

The need for additional dormitory space seems well justified. Presently, Oakland has 3 dormitory units providing rooms for about 96 students each. Two of the units which were in use in the 1962-63 school year had very good occupancy.

III. Financial Operating Results

The financial plan presented was originally based on the financial experience of operating 2 dormitories in the 1962-63 year. The net revenue from the 2 units (192) amounts to \$35,708. But it should be noted that a considerable amount of expense normally encountered in the operation of a dormitory was not charged against project income. For example, in the first year of operation, repairs and equipment replacement were nil; no charge was made for management expense; rent for rooms assigned to student resident assistants was paid from the Dean of Students' general fund budget.

IV. Dormitory Operating Policy

Mr. Varner has agreed that Oakland should include the same cost elements in operating its dormitories as are used in East Lansing. At my request Mr. Foster prepared a budget which should cover most of the expenses of operating the

Dormitory
(cont.)

proposed dormitory. It does not include any charge for ground maintenance, and perhaps the budget for personal services is a little low. The budget is shown below.

Personal Services	\$8,100
Administrative Salaries	2,000
Telephone and Postage	1,000
Utilities	10,000
Linen Service	3,200
Repairs and Maintenance	2,000
Major Repairs	6,000
Supplies	3,000
Other	400
Insurance	600
Pension and Workmen's Compensation	300
	<u>\$36,600</u>

V. Debt Service

This project will necessarily require long-term financing. Because Mr. Varner had first indicated that the Pontiac State Bank would provide the funds, I have not investigated the market or brought Mr. Cress into the financing. It would be my guess that 30-year bonds will carry an interest rate of about 3-3/4%. If we assume the 3-3/4% rate for 30-year bonds and borrow \$825,000, an annual debt cost of \$46,275 will be incurred.

VI. Dormitory Charges

Using the budget shown above of \$36,600 and allowing \$46,275 for debt service, we will need revenue of \$82,875 for this project without any excess coverage which all lenders require.

Mr. Varner has suggested that in calculating revenue, we plan on a 90% occupancy in the fall and spring semesters and a 75% occupancy in the third semester. He has also suggested that dormitory rates be increased from \$145 per semester to \$160. My calculations, as shown below, indicate that \$165 would be required to refinance the project with a minimum of debt coverage.

Fall (200 x 90%)	180
Spring (200 x 90%)	180
Summer (200 x 75%)	150
	<u>510 x 165 = \$84,150</u>

VII. Conclusion

My biggest reservation relates to the occupancy projection for the summer session. To meet debt commitments on the Housing & Home Finance Agency loan on the first 2 dormitories requires full summer use. Whether there will be enough summer semester students to operate the dormitory at 75% occupancy is questionable.

If the Board is willing to take this risk, I believe we should proceed with the project.

On motion by Mr. Huff, seconded by Dr. Smith, it was voted to authorize proceeding with the dormitory project as outlined by Mr. May.

Tenure action

The following actions are recommended by the Departmental Chairmen and Divisional Deans in accordance with the tenure rules:

- a. Associate Professors who have served their probationary terms and acquire tenure with this reappointment, effective August 15, 1964:

Harvey Burdick Psychology

- b. Assistant Professors who have served their probationary terms and acquire tenure with this reappointment, effective August 15, 1964:

Maurice F. Brown English
Donald C. Hildum Psychology

- c. Second probationary appointment as Assistant Professors for three years from August 15, 1964:

Sol Schwartz Psychology
Damie Stillman Art

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- d. Second probationary appointment as Instructors for a period of two years from August 15, 1964:

Tenure (cont.)

John L. Beardman	Art
James L. Cooper	History
Thomas M. Jenkins	Mathematics
Genevieve C. Prevost	Modern Foreign Languages

The following individuals are not recommended for reappointment and thereby terminate employment on August 14, 1964:

Norman Roseman	Teacher Education
Nat Simons, Jr.	Economics

Change in status of Charles O. Hucker, Chairman and Professor of History, from a 10-month basis at \$14,100 per year to a 12-month basis at a salary of \$17,625 per year, effective January 1, 1964.

Change in
status for
Hucker

Change in status of David C. Beardslee, Chairman and Associate Professor of Psychology, from a 10-month basis at a salary of \$10,300 to a 12-month basis at a salary of \$12,875 per year, effective January 1, 1964.

Change in
status for
Beardslee

Reclassify Manager, Food Services, AP-II position to Manager, Food Services, AP-IV
Reclassify Purchasing Agent AP-III to Purchasing Agent AP-V

Personnel
action

\$300 from Fred W. Sanders of Detroit
\$50 from The Wyman Furniture Company of Pontiac
\$1,000 from the Rotary Club of Southfield
\$50 from Smith Silo Company of Oxford
\$100 from Aloysius F. Power of Detroit
\$510 from the Pontiac State Bank
\$2,450 from the General Motors Corporation of Detroit
\$350 from the Business and Professional Women's Club of Royal Oak

Gifts for the
scholarship
fund

Grant of \$180 from John F. Ivory Storage Company, Inc., of Detroit to be used under the direction of Chancellor Varner and credited to the Discretionary Gift Account, 31-1162.

Gifts and
grants

No meeting of the Board of Trustees in December, 1963.