

MINUTES OF THE MEETING  
of the  
BOARD OF TRUSTEES  
March 20, 1985

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The meeting was called to order at 7:05 p.m. in Lounge II of the Oakland Center by Chairman Alex Mair.

Present: Trustees Donald Bemis, Phyllis Law Googasian, David Handleman, Patricia Hartmann, Alex Mair, Ken Morris, and Howard Sims

Absent: Trustee Wallace Riley

Approval of minutes of January 16, 1985

Mr. Bemis, seconded by Mr. Morris, moved to approve the minutes of January 16, 1985. The motion passed by unanimous vote.

Acceptance of gifts and grants lists of February 20 and March 20, 1985

Mr. Robert Swanson, Vice President for Developmental Affairs, drew the Board's attention to the \$31,837 gift made in support of the Alumni Annual Fund. He also pointed out the Oakland University faculty and staff gifts in support of the Oakland University Fund drive totaling \$17,343, and the \$273,602 in gifts from President's Club members in support of the OU Foundation. He noted the \$35,080 gift from Mr. William T. Gossett, the \$24,182 gift from Mr. and Mrs. Marvin L. Katke, and the \$1,000 gift from Oakland's first chancellor and his wife, Mr. and Mrs. D. B. "Woody" Varner. Mr. Swanson stated that the \$20,000 gift of Ms. Alice J. Gustafson is part of three pledges totaling \$700,000 in support of the Meadow Brook Center for Health Enhancement. The \$35,000 gift and pledge from Mr. Floyd J. Shotwell and a pledge from Hubert Distributors are also in support of the new health center. Mr. Swanson stated that Mr. and Mrs. Richard A. Mealey donated \$1,000 as the initial gift of a \$50,000 pledge to the Oakland University Foundation.

Mr. Keith Kleckner, Provost and Senior Vice President called the Board's attention to the \$150,000 grant from Ford Motor Company to be used for "Graphics Study" under the direction of Dr. Louis J. Nachman, Associate Professor of Mathematical Sciences.

Acceptance of the National Institutes of Health and the National Eye Institute Grants, and the approval of the purchase of microscopes specified in the grants

Mr. Kleckner presented as a "walk-in" item the following recommendation:

RESOLVED, That the Board of Trustees accepts the following grants:

- a. National Institutes of Health, Bethesda, Maryland: \$180,120

To be used in support of "Acquisition of Transmission Electron Microscope" under the direction of Dr. Nalin Unakar of the Department of Biological Sciences.  
Period of Performance: 2-1-85/1-31-86

- b. National Eye Institute, Bethesda, Maryland: \$279,753

To be used in support of "Core Grant for Vision Research" under the direction of Dr. V. N. Reddy of the Institute of Biological Sciences.  
Period of Performance: 3-1-85/2-28-86

and be it further

RESOLVED, That the Board of Trustees authorizes the Vice President for Finance and Administration to contract for the purchase of the following three electron microscopes as specified in these grants:

- a. International Scientific Instrument Co.--Scanning Electron microscope, Model DS-130, with peripherals, quoted price total \$117,000.
- b. International Scientific Instrument Co.--Transmission electron microscope, Model LEM-2000, with peripherals, quoted price total \$149,000.
- c. Philips Electronics--Transmission electron microscope, Model 410-LS, with peripherals, quoted price total \$180,000.

Mr. Kleckner explained that the core grant of \$279,753 from the National Eye Institute (NEI), plus approximately \$25,740 in indirect costs to be granted separately, included a commitment to four additional years of support totaling \$314,392 plus indirect costs totaling \$132,045. A principal element of this grant is the inclusion of NEI funds (\$149,000) for the purchase of a

transmission electron microscope with a concomitant Oakland pledge to fund the purchase of a scanning electron microscope for \$117,000 during the term of the grant. The two transmission instruments will be acquired entirely with grant funds. The scanning instrument will be acquired by advancing University funds, not to exceed \$117,000 against indirect cost returns to be earned over the period of the total grant.

Professors Venkat Reddy and Nalin Unakar have been working with the manufacturers of the electron microscopes specified for purchase in the grant awards. Since a 10% price increase is anticipated April 1, 1985, it would be advantageous to the University to enter firm orders prior to that date.

Chairman Mair recommended that the usual gifts and grants lists be voted on separately from the request for approval of the National Institutes of Health and the National Eye Institute grants for the purchase of the electron microscopes.

Mrs. Hartmann, seconded by Mr. Sims, moved to accept the gifts and grants lists of February 20 and March 20, 1985, as presented. The motion passed by unanimous vote.

Mr. Sims, seconded by Mrs. Hartmann, moved to accept the vision research grants as presented and to approve the purchase of the three electron microscopes specified in the grants. The motion passed by unanimous vote.

Mrs. Hartmann asked Dr. Reddy to comment on the NEI grant. Dr. Reddy stated that the credit for Oakland's being awarded this continuing grant must be shared with other faculty members of his department. Oakland has received larger grants, but this award is the most significant because only 27 such grants are presented in the country. This is one of two granted in Michigan. The intent is to encourage collaborative research by bringing together people of different disciplines. The Ophthalmology Department of William Beaumont Hospital will participate in Oakland's research, and this collaboration will make Oakland a center of research excellence.

President Joseph E. Champagne commented that the cataract research of Dr. Reddy and the staff of the Institute of Biological Sciences is outstanding. The three universities receiving the greatest funding for such research from NIH are Columbia, Oakland and Harvard, in that order, which is an indication of the significant research that occurs at Oakland University. Oakland is fifth highest in Michigan in research volume because of the efforts of Dr. Reddy and his associates and other faculty members. Oakland is "world-renowned" because of the research done at the Institute. President Champagne also

noted that two years ago Oakland received a construction grant for the enlargement of the laboratory area used by the Institute's staff. This grant was one of five construction grants awarded at that time. President Champagne expressed Oakland's gratitude to Dr. Reddy.

Mr. Kleckner recognized Dr. Unakar, who is the director of the grant from the National Institutes of Health.

Mrs. Hartmann asked if any benefit would be derived by informing the appropriate people in Lansing of these accomplishments. President Champagne replied that he and Mr. John De Carlo, Secretary to the Board of Trustees and Vice President for Governmental Affairs, would be testifying again in Lansing the following day and that such information has been and will continue to be made known to the members of the Legislature and the Governor's office.

#### Approval of faculty personnel actions

Mr. Kleckner requested approval of the following actions:

##### Appointment

Rice, Joseph S., Adjunct Professor of Engineering and Computer Science, effective January 1, 1985, through December 31, 1986

Yntema, Theodore O., Adjunct Professor of Economics and Management, effective August 15, 1984, through August 14, 1989

##### Leave of Absence

Aksoy, Asuman, Assistant Professor of Mathematical Sciences, sick leave effective January 30, 1985, through April 20, 1985 (with full pay)

Appleton, Sheldon, Professor of Political Science and Associate Dean, College of Arts and Sciences, administrative leave from March 19, 1985, through June 18, 1985 and March 16, 1986, through June 15, 1986 (with full pay)

Bezdek, William E., Associate Professor of Sociology, sabbatical leave from August 27, 1985, through December 14, 1985 (with full pay)

Brown, Maurice F., Professor of English, sabbatical leave from August 27, 1985, through December 14, 1985 (with half pay)



Brown, Robert W., Associate Professor of Education, sabbatical leave from January 2, 1985, through April 20, 1985 (with full pay)

Dow, James, Associate Professor of Anthropology, sabbatical leave from August 27, 1985, through December 14, 1985 (with half pay)

Gerulaitis, Leonardas V., Associate Professor of History, sabbatical leave from August 27, 1985, through December 14, 1985 (with full pay)

Gerulaitis, Renate, Associate Professor of German, sabbatical leave from August 27, 1985, through December 14, 1985 (with full pay)

Goldstein, Robert J., Associate Professor of Political Science, leave from January 6, 1986, through April 25, 1986 (with no pay)

Goudsmit, Esther M., Associate Professor of Biological Sciences, sabbatical leave from August 27, 1985, through December 14, 1985 (with half pay)

Harmon, Kenneth M., Professor of Chemistry, sabbatical leave from August 27, 1985, through December 14, 1985 (with full pay)

Marz, Roger H., Professor of Political Science, sabbatical leave from August 27, 1985, through April 25, 1985 (with half pay)

Ring, Daniel F., Assistant Professor, University Library, sabbatical leave from August 27, 1985, through January 31, 1986 (with full pay)

Splete, Howard H., Professor of Education, sabbatical leave from August 27, 1985, through December 14, 1985 (with full pay)

Turett, J. Barry, Assistant Professor of Mathematical Sciences, sabbatical leave from August 27, 1985, through December 14, 1985 (with full pay)

Mr. Morris, seconded by Mr. Handleman, moved to approve the faculty personnel actions. The motion passed by unanimous vote.

#### Approval of extension of department chair appointments

Mr. Kleckner stated that department chairs are appointed for three year, renewable terms which may be extended by one year without a full formal review. The faculty contract provides for

one year extensions of chairpersons' terms without the conduct of a full review with all departmental faculty. A one year extension is done rarely, and usually when a substantial number of chair appointments expire simultaneously. Full reviews are time consuming. The terms of eight department chairs in the College of Arts and Sciences expire on August 15 of this year. It is therefore requested that the terms of two department chairs be extended for one year without full formal review. At a later meeting the Board will receive recommendations on the other six chairs whose terms expire August 15, 1985. Mr. Kleckner requested approval of the following recommendation:

The following department chairs are recommended for a one-year extension of their current terms, effective August 15, 1985:

<u>Department</u>	<u>Name</u>
Modern Languages & Literatures	W. David Jaymes
International Programs	Carlo Coppola

Mr. Morris, seconded by Mr. Sims, moved to approve the recommendation as presented. The motion passed by unanimous vote.

#### Approval of contract for Police Officers Association of Michigan

Chairman Mair stated that the collective bargaining agreement between the University and the Oakland University Police Officers Association was being presented as a "walk-in" item. The agreement between the parties was reached subsequent to the distribution of the agenda materials.

Mr. Willard Kendall, Director of Employee Relations, stated that a tentative agreement was presented to the Board in December, 1984, but was withdrawn due to its rejection by the Association membership.

Mr. Kendall read the following recommendation:

RESOLVED, That the Board of Trustees approves the recently negotiated agreement between Oakland University and Oakland University Police Officers Association and Police Officers Association of Michigan (March 21, 1985-October 1, 1987), whose changes in terms from the previous agreement which expired October 1, 1984, are separately described in the attached document dated March 20, 1985, and entitled "Summary of Changes and Costing of Tentative Agreement Between Oakland University and Oakland University Police Officers Association and Police Officers Association of Michigan, March 21,

1985-October 1, 1987"; and whose changes in terms are displayed in the attached draft of the tentative agreement.

Mr. Sims asked if there was a need to discuss the agreement in closed session. Mr. Kendall replied that the agreement is the same as that presented to the Board in December with two changes. Those changes are the withdrawal of the Letter of Agreement which would create an auxiliary police force to reduce mandatory overtime, and the reduction by two months of the retroactivity provision covering pay and retirement increases.

President Champagne stated that the proposed contract followed the economic guidelines set forth by the Board Personnel Policy Committee.

Mr. Handleman, seconded by Mr. Morris, moved approval of the contract. The motion passed by unanimous vote.

Approval of candidates for bachelor's, master's, education specialist's and doctor's degrees as of December 15, 1984

Mr. Kleckner stated that the degree candidate lists were of a routine nature and included one PhD in engineering.

Mr. Sims, seconded by Mr. Morris, moved to approve the lists as presented. The motion passed by unanimous vote.

Approval of security transactions report

Mr. Robert McGarry, Vice President for Finance and Administration, stated that the security transactions report dated March 20, 1985, included sales of shares of stock and one Krugerrand. (A copy of the report is on file in the Office of the Board of Trustees.) The proceeds total approximately \$63,000.

Mrs. Googasian, seconded by Mr. Morris, moved to accept the security transactions report. The motion passed by unanimous vote.

Approval of residence halls fee increase for 1985-86

Mrs. Wilma Ray-Bledsoe, Vice President for Student Affairs, stated that the recommended residence hall rate increase, averaging 4.3%, is due primarily to an increase in utility costs. She drew the Board's attention to the fact that entering students have previously been required to take the 19 meal plan, but the current recommendation allows entering students to choose from all meal plans. The proposed budget is based on an occupancy of 1,560 students. Mrs. Ray-Bledsoe read the following recommendation:

It is therefore recommended that the Board of Trustees approves the following new residence halls rates:

1. Regular academic year current room and board, nine (9)-meal plan is \$2,388.  
  
Recommended increase is \$104 (4.4%)  
  
Total rate for the 1985-86 academic year would be \$2,492
2. Regular academic year current room and board, fourteen (14)-meal plan is \$2,448.  
  
Recommended increase is \$122. (5.0%)  
  
Total rate for the 1985-86 academic year would be \$2,570
3. Regular academic year current room and board, nineteen (19)-meal plan is \$2,579.  
  
Recommended increase is \$103. (4.0%)  
  
Total rate for the 1985-86 academic year would be \$2,682
4. Regular academic year current room only is \$1,659.  
  
Recommended increase is \$43. (2.6%)  
  
Total rate for the 1985-86 academic year would be \$1,702
5. Current summer session room and board rate is \$651.  
  
Recommended increase is \$28. (4.3%)  
  
Total rate for summer 1985 would be \$679.
6. Current spring session room and board rate is \$581.  
  
Recommended increase is \$25. (4.3%)  
  
Total rate for spring 1986 would be \$606.
7. Current summer session room only rate is \$393.

Recommended increase is \$17. (4.3%)

Total rate for summer 1985 would be \$410

8. Current spring session room only rate is \$407.

Recommended increase is \$17. (4.3%)

Total rate for spring 1986 would be \$424.

9. Current Matthews Court Apartment monthly rent is \$285.

Recommended increase is \$15. (5.3%)

Total monthly apartment rent would be \$300.

Mr. Bemis stated that the Audit and Finance Committee spent considerable time discussing all of the fee increase recommendations presented to the Board. The Committee believes that the fees are justified.

Mr. Bemis, seconded by Mr. Handleman, moved that the proposed residence halls fee increase recommendation be approved. The motion passed by unanimous vote.

#### Approval of Oakland Center fee increase

Mrs. Ray-Bledsoe stated that the Oakland Center fee was increased in 1982-83 from \$20.00 to \$23.00. The current recommendation reflects a slight enrollment decline and a change in pricing structure in the Bookcenter. Mrs. Ray-Bledsoe read the following recommendation:

RESOLVED, That the Board of Trustees approves the following new Oakland Center fee:

	Existing Oakland Center Fee		Recommended Oakland Center Fee		<u>Differential</u>	
	<u>Full Time</u>	<u>Part Time</u>	<u>Full Time</u>	<u>Part Time</u>		
Summer	\$11.50	\$ 5.75	\$12.50	\$ 6.25	\$1.00	\$ .50
Fall	23.00	11.50	25.00	12.50	2.00	1.00
Winter	23.00	11.50	25.00	12.50	2.00	1.00
Spring	11.50	5.75	12.50	6.75	1.00	.50

Mr. Bemis commented that the increase in the Oakland Center fee will be more than offset by the decrease in book prices at the Bookcenter.

President Champagne concurred and stated that if a student in the past spent \$100 on Bookcenter books, under the new pricing policy that student would now spend \$87.37 for the same books. Oakland is hoping, by a small increase in the Oakland Center fee, to absorb the \$224,830 revenue loss from the reduction in book prices.

Mr. Sims asked for clarification of the rationale behind "raising fees on one hand and lowering book prices on the other hand." President Champagne replied that several years ago the University raised book prices in the Bookcenter above the publisher's suggested amount as part of a series of measures taken to raise funds to maintain a balanced budget. Now that Oakland is receiving more State revenue, it is believed that the Bookcenter can lower book prices to recommended publisher's prices.

Mr. Handleman stated that the Oakland Center fees should be increased on an annual basis if the operating costs increase, and that the fee increase and the reduction of book prices are independent of one another. Persons who use the services of the Oakland Center should pay for them.

In response to a question from Mr. Sims, President Champagne stated that the Oakland Center fee is levied uniformly on all students, based on full or part time status, and is not a use fee charged only to those utilizing the facility.

Mr. Handleman, seconded by Mr. Morris, moved to approve the fee increase recommendation. The motion was unanimously approved.

#### Approval of athletic fee increase

Mr. McGarry stated that the athletic fee was initiated in 1976 at a level of \$5.00 for each full time undergraduate student and \$3.50 for part time students. The Lepley Sports Center is 22 years old and it is in poor repair due to deferred maintenance projects which could not be funded. Approximately \$115,000 has been spent in repairs on the building in the past two years and an additional equal amount is needed, not including over \$200,000 for handicap access modifications. The recommended increase would generate approximately \$25,000 per year which would allow the operation to continue at its current level of service.

Mr. McGarry presented the following recommendation:

RESOLVED, That the athletic fee be increased to \$6.00 for full time undergraduate and \$4.00 for part time undergraduate students; and be it further



RESOLVED, That full time graduate students be assessed \$3.00 and part time graduate students (carrying four-seven credits) be assessed \$2.00; and be it further

RESOLVED, That these assessments would be per semester for on campus students only and would be effective with the 1985-86 fiscal year.

Mr. McGarry stated that the Board Audit and Finance Committee had reviewed and accepted the proposed fee increases.

Mrs. Googasian asked why the telephone expense portion of the Athletic Department budget was so high compared to other budgeted items. President Champagne replied that a large number of long distance calls were necessary for athletic recruitment purposes and for arranging games.

Mr. Bemis, seconded by Mrs. Hartmann, moved to approve the proposed athletic fee increase. The motion was unanimously passed.

#### Approval of selection of CPA audit firm

Mr. McGarry stated that the Board of Trustees established a rotation policy for auditors whereby no firm would be engaged for "more than seven consecutive years."\* (Audit firms are retained on an annual basis.) Ernst & Whinney was appointed by the Board to conduct the 1977-78 audit and the subsequent six audits through 1983-84. (The 1983-84 appointment was by specific exception at the request of the administration.) A University administration review committee was formed to interview and evaluate the proposals of several CPA firms for the purpose of selecting and appointing an auditing firm for the 1984-85 fiscal year. The committee selected six qualified firms to submit proposals. Four of those six firms submitted proposals. The four firms were interviewed and evaluated, in part, on the following criteria:

1. Favorable experience in auditing public colleges and universities in Michigan.
2. A satisfactory previous audit of Oakland University.
3. A special interest in Oakland University.

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\*Note: The Board of Trustees policy on the rotation policy for auditors provides for rotation on a four to six year cycle.

4. Experience or favorable position on specific accounting issues of particular interest to Oakland University, e.g., consolidated statements.
5. A satisfactory commitment to Affirmative Action.

A scoring system was devised and of a possible total of 75 points available for these criteria, Arthur Andersen scored the highest with 70 points and the administration was very impressed by this company. Deloitte, Haskins & Sells scored 58; Arthur Young scored 58; and Price Waterhouse scored 60.

In a separate point category related to fees, 25 points were possible. Deloitte, Haskins & Sells scored 25 by having the lowest fee. One point was deducted for each \$500 increment above the lowest proposed fee. Arthur Andersen had the second lowest fee, but scored only ten points in the fee category because their fee was approximately \$7,500 higher than that of Deloitte, Haskins & Sells. Arthur Andersen's low score on fee offset their high point scores on the other criteria. Excluding the fee, the "administration was excited about the Arthur Andersen presentation".

Because Deloitte, Haskins & Sells scored 83 total points as opposed to 80 points scored by Arthur Andersen, the appointment of Deloitte, Haskins & Sells as the University's auditing firm for the next year is recommended by the Board Audit and Finance Committee and the University administration. This decision was based on the fee.

Mrs. Hartmann stated that while she does not sit on the Audit and Finance Committee, factors other than fee must be taken into consideration when selecting an auditing firm. Arthur Andersen has experience with this institution and higher education which Haskins & Sells does not. A period of one or two years would be required to train Haskins & Sells' personnel which will cost the Business Office time and money.

Mrs. Hartmann said that it is her understanding that Arthur Andersen has offered 75 hours of partner consulting time at no charge whereas Haskins & Sells has offered 40 hours. At approximately \$150 per hour, this is a \$5,250 difference. Arthur Andersen has also offered five days of educational training for Oakland's internal auditing staff at \$200 per day. This is a \$1,000 difference. In total, these differences in level of service account for the difference in proposed fees. The fee differential between Haskins & Sells and Arthur Andersen is offset by the additional services offered by Arthur Andersen and because of their experience with universities and colleges. Haskins & Sells does not have this experience, which is a factor that should not be underestimated. Mrs. Hartmann expressed her concerns about the review process and the need for experience in higher education.

Mr. Bemis asked Mr. McGarry if his recommendation to the Board was the same as that made to the Audit and Finance Committee.

Mr. McGarry replied that the scoring was done according to the procedure in existence at the beginning of the selection process. The Board of Trustees has seen the score sheets and in his opinion the decision is now "on the Board's shoulders".

Mr. Bemis stated that this was an inappropriate conclusion because the Board was not involved in the selection process, and the Board Audit and Finance Committee had supported the position of the administration on this issue based upon the facts presented. He asked Mr. McGarry if he were confident that Haskins & Sells could accomplish the University audit within the parameters of State and University auditing requirements.

Mr. McGarry replied that any of the "big eight" auditing firms would be capable of performing the audit.

In connection with auditing standards, Mr. Bemis stated his belief that last year's audit, which cost \$39,000 and did not even include a management letter, was at the minimum acceptance level for the University.

Mr. Handleman, as a member of the Audit and Finance Committee, expressed his agreement with Mrs. Hartmann's opinion on the need for higher education accounting experience.

Mr. Morris stated that the review committee had done a thorough job before making the recommendation and this decision should not be "thrown to the Board". He further said that he advocates competition and the free enterprise system, and if Oakland University is Haskins & Sells' first university assignment, perhaps they will work hard to do an outstanding job in order to obtain more business. The Board should concur with the administration's recommendation.

Mr. Morris stated that in a non-University role his experience with Arthur Andersen has been that the project began with a fixed price, but that the price escalated as the work progressed.

Mr. Sims stated that perhaps the scoring system should be re-evaluated. He said he could appreciate the establishment of a scoring system at the outset of the selection process, but it appears that the system was not applicable, given the spread of fees, to the final review procedure. There is enough ambiguity to raise some question in his mind. He suggested that, if adoption of the recommendation were not urgent, the issue be reconsidered and resubmitted to the Board at the next meeting.

President Champagne stated that the administration stands by its recommendation as presented. If the scoring system needs to be evaluated, that is an entirely separate matter.

Mr. Handleman stated his belief that if the difference between the two firms' fees is only \$7,500, the University should choose the more experienced company.

Mr. Morris said that he would agree to deferring the issue to allow the re-evaluation of the scoring system and of the recommendation. These issues should have been resolved prior to presenting the matter to the Board.

In response to a question from Chairman Mair concerning time constraints, Mr. McGarry stated that the firm chosen should start the audit in April. Deferring the issue would be acceptable if the Board held an April meeting at which time the recommendation could be resubmitted. A problem would exist, however, if the April Board meeting were cancelled.

President Champagne asked that the Audit and Finance Committee meet with Mr. McGarry to review the scoring system and the recommendation.

Mrs. Hartmann agreed and stated that the best experienced firm should be chosen, not necessarily the cheapest. If all of the factors are deemed important enough to score, they all should be weighted equally rather than assigning 25% of the total points to one factor. She questioned the review system and the scoring.

Mrs. Googasian stated that she understands Mr. McGarry to say that the University committee was more favorably impressed with Arthur Andersen's presentation. She therefore expressed her support of Arthur Andersen on the basis of the Board's discussion.

Chairman Mair asked Mr. McGarry for his reaction to the suggestion that the Audit and Finance Committee evaluate the scoring system. Mr. McGarry replied that he agreed with the suggestion to review the grading system since it could be questioned.

Mr. Bemis said that Deloitte, Haskins & Sells does audit 150 colleges and universities nationally. The absence of a "flashy" presentation does not mean that the firm cannot do the job.

Mr. Handleman stated that while it is true that the firm of Haskins & Sells does have university experience nationally, Oakland would be dealing with the firm's local Michigan office.

Mr. Morris stated that if the rules are changed, all of the firms should have the opportunity to resubmit a proposal under the new grading system.

President Champagne asked Mr. McGarry how quickly the various firms could resubmit their bids if necessary. Mr. McGarry replied that this action could be taken quickly.

Mr. Sims, seconded by Mr. Morris, moved to refer the issue back to the Audit and Finance Committee for further review.

Mrs. Googasian asked if the firms needed to resubmit bids since they will not be asked to change anything. She stated her belief that the Audit and Finance Committee's task was to re-evaluate the scoring system for the proposals previously submitted.

Mrs. Hartmann agreed.

President Champagne asked Mr. De Carlo if it would be appropriate to have a general delegation of authority to the Audit and Finance Committee to award the contract to one of the firms after the matter is reviewed.

Mr. De Carlo answered in the negative as to a general delegation, stating that it would not be appropriate to delegate such broad discretion to the Committee, unless the Board provided detailed guidelines and criteria to be used in the selection process, including a maximum fee.

Mr. Sims stated that he saw no other alternative than to refer the issue back to the Audit and Finance Committee for review and suggested a vote on his motion. A vote was taken and the motion to refer back to Committee passed unanimously.

President Champagne stated that if there were no regular April Board meeting, a special meeting could be called if timing is critical on this issue.

#### Approval of sale of residential lot in Farmington Hills

Mr. McGarry stated that Oakland University received, as the result of an estate settlement in 1983, a 30% interest in a residential lot in the City of Farmington Hills, Michigan. The lot contains 5,652 square feet, but local zoning provisions require at least 8,500 square feet for building purposes. This lot has very little market value, yet the tax and weed cutting bill for the property is approximately \$110 per year. The University has received a purchase offer in the amount of \$200 from the owner of adjacent properties. Mr. McGarry asked Board approval to sell the property for an appropriate price. He requested Board approval of the recommendation set forth below:

RESOLVED, That the Board of Trustees authorizes the Vice President for Finance and Administration to sell Oakland University's interest in Lot 685, Grand Rivercrest #2, Farmington Hills, Michigan, for a lot purchase price of not less than \$200.

Mrs. Hartmann, seconded by Mr. Morris, moved to approve the recommendation. The motion was unanimously passed.



Mr. Bemis asked the University administration to establish a policy relating to a routine procedure for the disposal of real property. Mr. De Carlo recommended that Mr. McGarry and he prepare a policy for this purpose.

Mrs. Hartmann stated that it would be difficult to formulate a policy that would cover all types of property and all contingencies.

President Champagne stated that the University has a general policy in place which delegates property disposal authority to Mr. McGarry, but the policy does not provide guidelines. He stated that Mr. Bemis is asking for a policy so the Board can know whether the guidelines have been followed.

Mr. Bemis said that he believed the Board should have the appraised value of a piece of property before voting on its disposal. Mr. De Carlo responded that the University does have an appraisal on the property in question. The University would attempt to negotiate the highest price possible under the circumstances.

#### Approval of absorption unit and cooling tower replacements for Kresge Library

Mr. McGarry stated that Oakland University has received a grant in the amount of \$150,000 from the State of Michigan for the replacement at Kresge Library of a deteriorated 200-ton absorption chiller and associated cooling tower with a single package air-cooled water chiller. The University does not wish to put \$150,000 into a project that will be unusable when the Kresge Library is expanded. The recommended action would result in a feasibility study to ensure that the new equipment would be compatible with the proposed addition to the library.

Mr. Sims said that he wished to include a provision requiring this firm and the proposed auditing firm to meet University and State affirmative action requirements.

President Champagne stated that such a provision is automatic in contracts awarded by the University, but it can specifically be included in the resolution.

Mr. Sims, seconded by Mrs. Hartmann, moved to approve the recommendation as set forth below with an amendment that an affirmative action provision be included in the contract:

RESOLVED, That the Board of Trustees authorizes the Vice President for Finance and Administration to contract with the engineering firm of DiClemente-Siegel Engineering, Inc., for engineering services that will review and recommend the



replacement of the cooling system at the Kresge Library, recognizing the possibility of funding for the Kresge Library addition; and be it further

RESOLVED, That full engineering and design services be authorized to replace the existing cooling system; and be it further

RESOLVED, That the Vice President for Finance and Administration is authorized to obtain bids to replace the deteriorated 200-ton absorption chiller and associated cooling tower at the Kresge Library; and be it further

RESOLVED, That the Vice President for Finance and Administration is authorized to award the contract to the lowest qualified bidder with total project costs not to exceed the amount of the State appropriation; and be it further

RESOLVED, That such contract should include an equal opportunity/affirmative action clause in accordance with State and University requirements.

The motion was unanimously approved.

Mr. Sims stated that he recalled that the last report from the University's Affirmative Action Office was made in 1981, and requested that another report be made to the Board as soon as convenient.

Approval of resolution requesting the establishment of a Technology Park District in the City of Auburn Hills

President Champagne stated that last year the Legislature passed Public Act 385 which is designed to encourage the location of research and development facilities near universities. One provision of this Act requires that, before the local community can begin the process of creating a Technology Park District, the local government must be requested to do so by the governing body of a local university. Specifically, the Board of Trustees of Oakland University must petition the City of Auburn Hills to begin the process of establishing a Technology Park District. Seventy-five per cent of the land owners involved have asked Oakland to take the necessary steps to begin the establishment of such a District. The University has a petition signed by representatives of Chrysler Corporation, Comerica, Inc., and Comerica Properties Corporation requesting the Board's approval in order to proceed to the next step.

President Champagne then stated that if a Board member had any questions, Mr. Fred Woodruff is present and is well qualified to

respond. Mr. Woodruff represents the land owners involved and worked with the Legislature in the formulation of Act 385.

Mr. Woodruff stated that the essential purpose of Public Act 385 is to authorize local units of government to create a Technology Park District in conjunction with property owners and the local university. This action allows real and property tax abatement in the amount of no more than 50% for no more than twelve years to the businesses located within the District whose primary functions are research and development, high technology service, high technology industrial activity, or high technology business activity.

Mr. Woodruff stated that this Act addresses the gap that exists between the industrial property tax act authorizing abatement for manufacturing firms and research and development facilities owned by manufacturing firms, and the commercial tax abatement law for local retail businesses.

President Champagne presented the following recommendation:

WHEREAS, The Board of Trustees has received a written request from the Chrysler Corporation, Comerica, Inc., Comerica Properties Corporation, and Auburn Hills Limited Partnership representing that they are the owners of more than 75% of the land described in Exhibit A accompanying this resolution; and

WHEREAS, It would appear that the land described in Exhibit A meets the requirements of Section 5(1) of Act 385 of the Public Acts of 1984; and

WHEREAS, Oakland University has been intensively identified with economic development activities in general and in connection with the development of the Oakland Technology Park in particular; and

WHEREAS, Act 385 was adopted by the Michigan Legislature in 1984 to provide a vehicle to encourage economic development activity in conjunction with the operation of the State's major universities, including Oakland University; now therefore be it

RESOLVED, That Oakland University does hereby request that the City of Auburn Hills establish a Technology Park District under the provisions of Act 385 of the Public Acts of 1984 encompassing the land described in Exhibit A attached hereto; and be it further

RESOLVED, That the President of the University is hereby authorized, empowered and directed to communicate this resolution to the Mayor, City Council and Clerk of the City of Auburn Hills and to otherwise undertake any further action on behalf of the University in order that the City may establish said Technology Park District for the land described in Exhibit A.

President Champagne stated that if this recommendation is adopted, he will communicate with the City of Auburn Hills and the City will process the matter.

Mr. Bemis asked if President Champagne had discussed the issue with the City of Auburn Hills officials and obtained their concurrence. President Champagne replied that he has discussed the matter with the City officials and they are in favor of the action, however, there is no way to predict final governmental action.

Mr. Sims asked how the University finds itself in the position of being "the point man" for such a recommendation. He also asked why the University and the Board were just now being made aware of this legislation. He referred to Public Act 198 and its provisions relating to "economic cannibalism" in which tax inducements from one community could not be used to take business from other communities without prior notification and approval of the city losing the business. He asked if Public Act 385 addressed that issue.

Mr. Woodruff stated that Act 385 provides that if there is to be a reduction in the number of jobs by the move or the building project, the community losing the jobs must be notified, and that community has the power to veto the action.

Mr. Sims asked why the legislation was drafted in such a way as to require Oakland University to initiate the action.

President Champagne replied that the formulation of the legislation was a long process. The purpose of the bill was an attempt to stimulate or create incentive for high technology businesses to work with universities. Universities are interested in this field; 84% of the equipment in U. S. engineering schools is considered obsolete. This bill is not only to help in the development of high technology in the State, but to do it in a way that universities are assisted with their financial problems.

Mr. Sims asked for clarification on how the University would benefit from the establishment of a Technology Park District, and was it taking the action in anticipation of such benefit.

President Champagne replied that the University does anticipate a benefit by the establishment of the District for the Institution, the State and the local community.

Chairman Mair concurred that the purpose of the Act is to derive benefit for the State and for the University.

Mr. Sims stated that the benefits to industry and business are obvious, but the benefit to the University is more "elusive".

President Champagne stated that Oakland is one of four universities selected to work with Chrysler as a result of its close proximity to the Chrysler property in Auburn Hills. The proposed Chrysler Technology Center is exactly the type of development that the University hopes for as a result of the Technology Park District.

Mr. Morris stated that he is personally opposed to the principle of tax abatement. When tax abatements occur, the revenue gap must be filled by other taxpayers to make up the required funds. Many things are wrong with the process and tax abatements become very difficult to justify when a company makes huge profits. The current climate in Michigan, however, is that anything justifies bringing jobs into an area, and industries are interested in being near a university. Act 385 is associated with that "climate".

Mr. Morris added his belief that the establishment of a Technology Park District adjacent to Oakland University would be of great benefit to the institution, especially at a time when University revenue needs are great. Oakland is a new university and if this action can provide benefit to Oakland, it is worthwhile.

Mr. Sims stated that he does not have a "blanket disdain" for tax abatement, but someone should look at the figures on cost and benefit. He said that President Champagne had mentioned some very tangible benefits. Mr. Sims has received information that the City of Auburn Hills has a state equalized value of \$130 million. If the projected new development reaches \$500 million, with an equalized value of \$250 million, at 50% tax abatement, the tax base of the community will be more than doubled. If the city's services and infrastructure are in place, this development will be positive.

Mr. Sims stated that he was requesting whether an evaluation of the results of the proposed action had been made, and if the action would be negative or positive for the community. He merely requests an analysis of the advantages and disadvantages to the University and the community. He stated that he will abstain when the vote is taken because he sits on the Board of Directors of one of the organizations making the request.

Chairman Mair stated his belief that, from a "global" view, Oakland will be pleased that it has worked to have high technology corporations located nearby. He stated that the University should strive for additional opportunities since the "ripple" effect will benefit the University.

Mrs. Googasian stated that the Act does not provide a blanket elimination of taxes. The abatement only applies to the facility and not to land or inventory, and can be effective for less than twelve years.

Mr. Sims stated that he understood that certain activities such as hotels were definitely ineligible for such tax abatement. Mr. Woodruff confirmed that facilities whose primary purpose is the sale of goods or services at retail, housing, or lodging are specifically excluded in the Act.

Mr. Handleman, seconded by Mrs. Hartmann, moved to approve the recommendation as presented. The motion was passed by affirmative vote of all of the Trustees except for Mr. Sims, who abstained.

Chairman Mair stated that he has been involved in a number of tax abatement situations, and it is his experience that the extension of tax abatement is primarily for the benefit of the community. The tax base of the community is increased and new job opportunities are provided.

#### President's report

President Champagne recounted that on December 12, 1984, the Board passed a resolution authorizing him and an ad hoc committee consisting of Trustees David Handleman and Wallace Riley to negotiate the sale of approximately 35.59 acres of University property to Chrysler Corporation at not less than \$12,000 per acre. He reported that on March 19, 1985, the sale was closed and the University received \$469,368 for the property. The average per acre price was \$13,100.

President Champagne noted several conditions favorable to Oakland which were included in the sale. The University has the right to reacquire the property for the sale price plus interest if Chrysler wishes to sell the land. In addition, the land may only be used for specific purposes related to research and technology.

President Champagne stated that, although not required, he wished the Board to approve the following recommendation to confirm the terms and conditions of the sale:

RESOLVED, That the Board of Trustees accepts the terms and conditions of the sale as negotiated and approved by the President and the Board ad hoc



committee and as set forth in the purchase and sale agreement and the deed dated March 19, 1985; and be it further

RESOLVED, That the Board of Trustees accepts the sale price of \$469,368.00.

Mr. Morris, seconded by Mr. Bemis, moved to approve the recommendation as presented. The motion was unanimously passed.

#### Graham Health Center

The Board agenda items being completed, Chairman Mair recognized Mr. Lonnel Coats of the Association of Black Students, who wished to address the Board.

Mr. Coats stated that he had heard a rumor that the Graham Health Center would be moved off campus to Crittenton Hospital. He said that the student body was upset by this information and wished to convey to the Board its disagreement with the move. Mr. Coats said that the Health Center is a great convenience for the students. Approximately 1,600 students used the Center last year, and it was difficult to see how a health center that was not on the campus could effectively service such a large number of patients.

President Champagne explained to the Board that the University has been exploring the concept of a contract with Crittenton Hospital whereby the hospital would provide seven day a week, 24 hour a day health care to Oakland students. The University is not close to a decision, but is seriously considering the matter. On June 5 the hospital will open an \$8 million facility which will offer full out-patient services, rather than the five day limited service offered by Graham Health Center.

Mr. Sims stated that 30% of the 18 to 21 year old students live in the dormitories, and transportation to Crittenton Hospital could be a problem. President Champagne replied that the issue is in the very early stages of discussion, but such matters are being taken into consideration. Free transportation would be provided for students who needed to go to the hospital, which is about a mile and a half from the campus.

Mr. Sims asked if the issue arose at the request of Crittenton Hospital. President Champagne replied in the affirmative.

Mr. Coats stated that students are satisfied with the health care service as it exists and asked why a move was being considered. President Champagne replied that the reason was cost. Starting next year Graham Health Center goes into deficit. If full health care can be provided at low cost seven days a week, it is a benefit that needs to be examined.



Mr. Morris said he believes that the matter should be explored and that it makes sense for Oakland to have a good relationship with Crittenton Hospital. In any event, the matter would be brought before the Board before any final commitment.

#### Request for closed session

President Champagne requested a closed session of the Board of Trustees under Section 8(a) of the Open Meetings Act which authorizes a closed session for a periodic personnel evaluation of a public officer. President Champagne requested the review since there is a traditional evaluation each year on the anniversary date of his appointment to the position of President.

Mr. De Carlo asked for a roll call vote on the question to move into closed session. The vote was:

Donald L. Bemis	yes
Phyllis Law Googasian	yes
David Handleman	yes
Patricia Hartmann	yes
Alex Mair	yes
Ken Morris	yes
Howard Sims	yes

The request was approved. Chairman Mair asked Mrs. Googasian if she would act as secretary and record the minutes of the closed session between the President and the Trustees.

Mrs. Googasian replied that she would be pleased to accept the appointment.

The Board agreed to meet in the Meadow Brook Room of the Oakland Center immediately following the open meeting.

#### Legislative Hearing

Mrs. Googasian stated that, as Oakland's Michigan Association of Governing Boards delegate, she would like to encourage Board members to attend the Association's conference in Lansing on Tuesday, March 26, 1985. Michigan State Senator William Sederburg will be present and this will provide Oakland with the opportunity to discuss formula funding and the institution's research classification. The session will be at 3:30 p.m. in the Kellogg Center in East Lansing.

Adjournment

Mr. Morris, seconded by Mrs. Hartmann, moved for adjournment of the open session at 9:15 p.m. The motion carried and the Board retired to closed session in the Meadow Brook Room of the Oakland Center.

Approved,

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John De Carlo, Secretary  
Board of Trustees

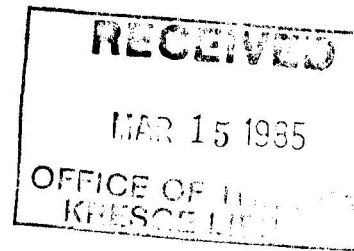
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Alex Mair, Chairman  
Board of Trustees

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Date

Oakland University  
Board of Trustees  
Meeting  
March 20, 1985  
Lounge II - Oakland Center  
7:00 p.m.



AGENDA

1. Approval of minutes of January 16, 1985
2. Acceptance of gifts and grants lists of February 20, 1985, and March 20, 1985
3. Approval of faculty personnel actions
4. Approval of extension of department chair appointments
5. Approval of candidates for bachelor's, master's, education specialist's and doctor's degrees as of December 15, 1984
6. Approval of security transactions report
7. Approval of residence halls budget and fee increase for 1985-86
8. Approval of Oakland Center fee increase
9. Approval of athletic fee increase
10. Approval of change of auditors
11. Approval of sale of residential lot in Farmington Hills
12. Approval of absorption unit and cooling tower replacements for Kresge Library
13. Approval of resolution requesting the establishment of a Technology Park District in the City of Auburn Hills
14. President's report
15. Other items which may come before the Board\*

\*The Board of Trustees reserves the right to amend the above agenda and to add or delete items as required.

NOTE: Any person wishing to address the Board should submit a request to the Office of the Board of Trustees, 101B North Foundation Hall, prior to the above meeting. The request may be submitted immediately prior to the Board of Trustees meeting to a representative of the Office of the Board of Trustees. The request should include the person's name, address and the subject matter.