

Minutes of the Meeting  
of the  
Oakland University Board of Trustees  
January 8, 1992

OAKLAND  
UNIVERSITY

169  
FEB 26 1992

LIBRARY  
ROCHESTER, MICHIGAN

Present: Chairman Howard F. Sims, Trustees Larry Chunovich, David Handleman, Phyllis Law Googasian, Stephan Sharf and James A. Sharp, Jr.

Absent: Trustees Andrea L. Fischer and L. Brooks Patterson

Chairman Howard Sims called the meeting of the Board of Trustees to order at 3:10 p.m. in the Gold Rooms of the Oakland Center.

Approval of the Minutes of the Meeting of December 11, 1991

Trustee Handleman, seconded by Trustee Chunovich, moved approval of the proposed minutes of the meeting of December 11, 1991. The motion was voted on and unanimously carried.

Approval of the Minutes of the Closed Meeting of December 11, 1991

Trustee Handleman, seconded by Trustee Law Googasian, moved approval of the proposed minutes of the closed meeting of December 11, 1991. The motion was voted on and unanimously carried.

Report on Gifts and Grants to Oakland University for the period of December 1, 1991, through December 31, 1991, and to the Oakland University Foundation for the same period

Mr. David Rodwell, Vice President for Development and Alumni Affairs, reported that the gifts and grants to Oakland University for the period of November 1, through November 30, 1991, totaled \$247,763.48, and the gifts and grants to the Oakland University Foundation for the same period totaled \$28,350.82.

Vice President Rodwell commented that there were two gifts of significance in this report both having been made to the President's Gift Fund. The first was for \$12,500 from the Warner-Lambert Foundation representing the Parke Davis plant located in Rochester. The second gift was from the Estate of Lloyd C. Wells in the amount of \$80,000. Vice President Rodwell commented that in researching Mr. Wells, they found no formal connection to the university. Years ago Mr. Wells planned his estate to include four benefactors, Oakland University being one. Vice President Rodwell expressed gratitude and appreciation in honoring Mr. Wells' memory.

Mr. Keith Kleckner, Sr. Vice President for Academic Affairs and Provost, then briefly discussed the \$11,158 grant from the State of Michigan which is a continuation to an original award being

used for research on the Zebra Mussel and the \$124,925 grant from the U. S. Environmental Protection Agency for continued support on PCB research. In commenting on these two gifts, Mr. Kleckner stated that while the list of gifts may appear small, it is not small for the end of the calendar year.

Trustee Sharp, seconded by Trustee Handleman, moved acceptance of the gifts to Oakland University with gratitude and recognized the gifts to the Foundation. The motion was voted on and unanimously carried.

#### Faculty Personnel Actions

Mr. Kleckner made the following recommendations:

##### Appointments

Haddad, Nancy Loeser, Adjunct Instructor in Nursing, effective August 15, 1991, through August 14, 1994 (new appointment to an honorary position)

Koral, Kenneth F., Adjunct Associate Professor of Medical Physics, effective August 15, 1991, through August 14, 1994 (new appointment to an honorary position)

##### Leave of Absence

Klykken, Osa Jackson, Associate Professor of Physical Therapy, sabbatical leave from January 2, 1992, through December 18, 1992 (with half pay)

Muir, Sharon P., Professor of Education and Chairperson, Department of Curriculum, Instruction and Leadership, sabbatical leave from September 1, 1992, through April 28, 1993 (with half pay)

Rice, Clementine V., Assistant Professor of Nursing, part-time (50%) leave from August 15, 1992, through August 14, 1993 (with prorated pay)

##### Resignation

Bradbury, Ian S., Assistant Professor of Mathematical Sciences, effective August 14, 1991 [Supersedes previous Board agendum of October 9, 1991, which, due to a

typographical error, indicated an incorrect resignation date of August 14, 1992.]

Cass, Penny S., Associate Professor of Nursing and Interim Dean, School of Nursing, effective January 2, 1992

Trustee Sharp, seconded by Trustee Law Googasian, moved approval of the recommendations. The motion was voted on and unanimously carried.

#### Faculty Reemployment Action

Mr. Kleckner made the following recommendation:

RESOLVED, that the Board of Trustees approve the following personnel action, which has been formulated by the Provost with the advice of the dean and faculty colleague review bodies, in accordance with the specified tenure review process:

Assistant Professor eligible for reemployment to a final two-year probationary term as Assistant Professor, effective August 15, 1992:

#### Arts and Sciences

Panajiotis Sakkalis      Mathematical Sciences      Reemploy

Trustee Chunovich, seconded by Trustee Sharp, moved approval of the recommendation. The motion was voted on and unanimously carried.

#### Approval to enter an agreement with Blue Cross and Blue Shield of Michigan to provide medical coverage for non-faculty employees and retirees

Vice President McGarry made the following recommendation:

WHEREAS, the university's self-funded medical insurance plan, administered by Connecticut General Life Insurance Company, is no longer viable primarily due to costs exceeding premiums and a reduction in participation in the program (370 members down to 179); and

WHEREAS, an effort is being made to protect both the employee and the university from skyrocketing medical expenses by going with an insured plan rather than a self-insured plan as the insured plan would give us the benefit of a larger group; and

WHEREAS, of the 20 companies solicited, Blue Cross and Blue Shield of Michigan was the only one to submit a full-plan proposal; now, therefore, be it

RESOLVED, that the Board of Trustees authorizes the Vice President for Finance & Administration to enter into an agreement with Blue Cross and Blue Shield of Michigan, to provide insured group medical coverage for non-faculty employees and retirees, after review of the agreement by the Office of General Counsel.

Trustee Chunovich requested further clarification concerning the transfer of all non-faculty retirees to the BCBSM plan possibly requiring union concurrence. Mr. Willard C. Kendall, Assistant Vice President for Employee Relations, stated that the only issues to be resolved are the status of retirees and whether the Blue Cross plan is sufficiently comparable to the current labor contracts. Since this is an authorization subject to the opinion of legal counsel, and since we have a legal obligation with respect to our labor contracts, Interim President De Carlo asked if we were certain that Trustee Chunovich's concern about protecting the rights of our employees was being addressed. Mr. Robert Bunger, Assistant General Counsel, replied that he understood the Connecticut General plan could be continued. He commented that this plan was an option, and that while we would like to end the other plan, we may not be able to if the conditions are not comparable. We may have to go with two plans because of our obligation to the retirees.

Trustee Handleman, seconded by Trustee Chunovich, moved approval of the recommendation. The motion was voted on and unanimously carried.

Approval of Oakland University Katke-Cousins Golf Course 1992  
Budget and Proposal to Close the Swim Club

Chairman Sims requested that the golf course and the Swim Club issues be addressed separately since a faculty subdivision resident has asked to make a statement on the Swim Club.

After brief comments by Vice President McGarry on the 1992 Budget for the Katke-Cousins Golf Course, he recommended that the Board of Trustees adopt the following resolution:

RESOLVED, that the Board of Trustees approve the 1992 budget for the Katke-Cousins Golf Course with operating expenditures of \$896,493, and be it further

RESOLVED, that capital improvement expenditures of approximately \$137,660 are to be funded from the fund balance of the golf course.

Trustee Chunovich, seconded by Trustee Handleman, moved approval of the recommendation. The motion was voted on and unanimously carried.

In addressing the Swim Club issue, Vice President McGarry advised that, in order to continue with the Swim Club activity, additional major capital improvements totaling \$143,000 would be needed to make the necessary improvements required by the Michigan Department of Health. He commented that this would result in a deficit. Vice President McGarry stated that considering other critical priorities at the university, he would recommend closing the Swim Club.

He questioned whether we should continue to be in the business of providing the community with a swim club considering the size of membership, particularly in view of the fact that only 24 university families participate out of a membership of 119. He noted that there were two private swim clubs in the area that could serve this need.

In response to Trustee Sharf's inquiry as to how the facility would be closed, Vice President McGarry stated that the Wilson's existing cabana and the attractive grounds would be preserved, however, the best way to preserve the pool has not as yet been determined.

Vice President McGarry also commented that another consideration to closing the Swim Club is the fact that Adams Road may be widened which will have a serious impact on this facility. He questioned the advisability of putting capital improvements into a project "we may lose" in a few years.

At this point, Chairman Sims advised that, in addition to one individual who would like to speak, the Board of Trustees also

received a brief letter dated January 3, 1992, signed by a number of members/residents of the Swim Club/Meadow Brook Subdivision. He read the letter in which the residents not only expressed their disapproval of the Swim Club closure but also requested that they be allowed to look at alternatives. (The original letter is on file in the Office of the Board of Trustees.)

At this point, Chairman Sims called Ms. Lauren Shepherd forward to address the Board. Ms. Shepherd, Vice President of the Meadow Brook Subdivision Association, thanked the Board for the opportunity to address this issue and proceeded to highlight some of the concerns that the residents have with regard to the proposed closure of the swimming pool. She advised that many residents of the Meadow Brook Subdivision, who have been members of the Swim Club, feel that it is probably one of the most positive features of residence in the faculty subdivision. She commented that to see it closed at this time, without an option for the families, would be a very unfortunate situation for the residents. At the request of several Club members, Ms. Shepherd inquired as to whether or not a notice had been sent out to Club members and other community residents who utilize the pool.

Vice President McGarry advised that his letter on this matter was sent to the Meadow Brook Subdivision residents.

Ms. Shepherd felt that the pool had a great deal of support within the community and commented that there were President's Club members who were very surprised and disheartened to hear of the proposed closure. In addition, Ms. Shepherd indicated that she was not able to gather information from the university relative to the pool waiting list, but she is of the opinion that in the past there was at least a four-year waiting list of subdivision residents as well as university employees. She not only questioned the status of the waiting list but also the possibility of current membership being able to support the pool as it exists today. In addition, she pointed out that the members had financially contributed to the pool and to the club by supporting the bath house that was constructed. She commented that it would be very unfortunate to have that investment lost because of the pool closing. Ms. Shepherd advised that the residents would like the opportunity to investigate other options which would result in a self-supporting pool club. Thanking the Board, she concluded by commenting that it was an unhappy thought to lose such a positive facility in the community. At this point, Ms. Shepherd asked if another name had been submitted to address the Board.

As Trustee Sims stated that he did not feel it was necessary if the comments were supplemental or essentially the same presentation, Mr. Marc Briod, resident of the faculty subdivision, asked for recognition and stated that he had a very brief comment. He then indicated that there was a waiting list as his family is on the list, and they wished to become members of the Swim Club. He stated that if one of the reasons for closing the pool was not enough interest on the part of faculty, then it would be ironic if there is a waiting list.

Interim President De Carlo stated that he had no problem with postponing the decision for further review. He stated that he had a few observations which were critical to what Oakland University is about and where we should be spending our efforts and resources. Mr. De Carlo stated that, at this particular point in time, he would not recommend any expenditure that does not support and enhance the academic mission of the institution. He did not wish to divert funds, on non-academic and non-university related matters. He did not wish to incur any debt, loan, or obligation, or lose interest income. All our resources must be used for the university's academic mission. In considering this particular proposal, if this group is willing to fully fund all costs, including any lost interest income should we have to make some expenditures in advance, then he would be willing to consider the matter. He stressed that we do have to remember that our principle mission is education. While he does not wish to demean the importance of recreation, he felt we could not provide all services to all people.

In response to a question from Trustee Sharf on the apparent difference of opinion on membership interest, Vice President McGarry stated that the membership capacity was 150. There were 147 members a year ago last summer, and, when the fees were raised to try to pay for the \$55,000 improvements, the membership dropped to 119. Vice President McGarry did not understand how there could be a waiting list, but he indicated he would check into the matter.

Trustee Sharf then inquired as to the possibility of the university leasing the pool to the Swim Club.

Mr. De Carlo commented that this was a remote possibility, and we would have to review our responsibilities to the leasing entity, along with our liability coverage and that of the group.

Chairman Sims made the following recommendation:

RESOLVED, the Swim Club members be given an opportunity to explore some other alternatives and that they be given one to two months to submit a definitive proposal.

Trustee Sharp, seconded by Trustee Chunovich, moved approval of the recommendation. The motion was voted on and unanimously carried.

Presentation on Squirrel Road widening by Auburn Hills City Officials

In a brief opening statement, Interim President De Carlo commented that while no formal action will be requested during the Board Meeting, the purpose of the presentation by the City of Auburn Hills on the proposed widening of Squirrel Road was to update the Board and the university community. More specific recommendations would be forthcoming in February or March, 1992. Interim President De Carlo then introduced Mr. William Hampton, attorney representing the City of Auburn Hills.

In thanking Interim President De Carlo, Chairman Sims, and members of the Board of Trustees, Mr. Hampton expressed gratitude on behalf of the City of Auburn Hills for being allowed to make their presentation on this issue. Mr. Hampton introduced Mr. Leonard Hendricks, the out-going Auburn Hills City Manager, Mr. Dennis McGee, the new Auburn Hills City Manager effective May 1, 1992, and Mr. Ernie Orchard of the firm of Orchard, Hiltz & McCliment, Inc., the city engineers on this particular project. After Mr. Hampton distributed to the Board a project description for their review, he proceeded by referring to an aerial map depicting the site under discussion.

He commented that essentially what is being proposed is to:

1. Widen, realign, and reconstruct Squirrel Road to a boulevard-type roadway with a 52' median along the entire Squirrel Road frontage of the university.
2. Negotiate a Memorandum of Understanding which is essentially a contract to enter into a contract. The memorandum would indicate to the negotiating teams on both sides that an effort is being made to agree on concepts, which are subject to the following contingencies:

- a) The City of Auburn Hills needs to obtain the necessary state permits and the DNR permits for the mitigation of wet lands.
- b) The City of Auburn Hills needs to acquire a small sliver of land belonging to Chrysler and convey it to Oakland University.

In addition, Mr. Hampton indicated that the project also requires the acquisition of additional right-of-way. He also commented that the city and the university negotiating teams have discussed the city's proposal to acquire 23.5 acres of university land and to pay the university \$4,094,000 (\$4.00 per square foot). Of this amount, \$750,000 is to be allocated for the purpose of establishing scholarships at Oakland University for graduates of the three high schools serving the City of Auburn Hills, providing that the applicants for these scholarships meet university standards for admission. He stated that this \$750,000 would be placed into an interest bearing escrow account (essentially an endowment) and would be administered by the university. Additionally, the tentative understanding is that two of the three scholarships awarded per year for the first four years of the scholarship program would be paid for out of the endowment, and one would be paid for by Oakland University. In the fifth year of the program, all three scholarships would come from the endowment. At the end of the fifth year, the escrow fund, together with the interest that has been accumulated, would pay to the university \$500,000 interest-free, so that a portion of the \$750,000 that was escrowed at the time of the closing of the transaction would go toward the scholarships. The university would receive back \$500,000 at the end of year five with the remaining endowment funds, together with accumulated interest, continuing to be administered by the university. Mr. Hampton commented that the university has developed some projections, and depending on interest rates, the endowment will result in at least 12 scholarships being available per year for the next 37 years. He further stated that it is proposed that a scholarship committee be established made up of representatives of the high schools, the community, and a representative appointed by the Mayor of the City of Auburn Hills. Mr. Hampton indicated that the City Council will adopt a resolution which would set the criteria for the various scholarships, and it is thought that these scholarships would pay a portion or all of the tuition. He commented that the university has the right to approve the criteria, and there is language in the proposed memorandum that all criteria is subject to university policies and the law.

Chairman Sims pointed out at this time that it has been very useful for Mr. Hampton to update the Board on the discussions with the university administration regarding the scholarship fund, however, none of that is, in fact, final until the Board of Trustee reviews and acts.

Mr. Hampton acknowledged this fact and pointed out that it is also not final until the Auburn Hills City Council acts. He could not guarantee he has the necessary votes for this approval.

Chairman Sims acknowledged an understanding of this fact.

Mr. Hampton then stated that in further consideration of the purchase price, there is a provision in the draft that the university agrees to provide a waiver to the city for five years in the per-capita charge which is made to non-university individuals for up to 500 persons to use the Shotwell Pavilion for one community event per year. This would be available to a non-profit charitable institution and is a non-delegable right that the city would acquire. He indicated that, with respect to the improvements which Mr. Orchard will discuss, the city agrees to indemnify the university for damage and will restore its property. He stated that in addition, the city will be spending a sum of money currently estimated to be in excess of \$500,000 to make "enhancements" on university property-- "enhancements" that were discussed in the Johnson, Johnson & Roy master plan which includes creating berms, planting trees, moving a portion of the parking lot, paying the university a sum of \$21,000 to move the university's Squirrel Road informational sign, and paying the university \$42,000 to move the modular buildings elsewhere on the campus. Mr. Hampton stressed that this was merely a Memorandum of Understanding for the purpose of clarifying the understanding of the negotiating teams for both sides and to provide a basis for an agreement between the university and the city if all of the "loose ends" in the draft can be worked out. Mr. Hampton acknowledged his appreciation for the opportunity to address the Board, and stated that, at the conclusion of Mr. Orchard's comments which would follow, Messrs. Orchard, Hendricks, or McGee would be happy to entertain any questions the Board may have on this matter.

Chairman Sims reaffirmed at this point that no agreement for a Memorandum of Understanding or any formal agreement exists between the university and the City of Auburn Hills. This is a reflection of the discussions to date.

At this point, Mr. Ernie Orchard of Orchard, Hiltz & McCliment, Inc., opened his address to the Board with a clarification of the project description. The project goes basically from just north of Butler Road to north of Walton Boulevard. He indicated that it will be a boulevard with two lanes on either side of the median from Butler to University, and there will be three lanes on either side from University up to Walton. In referring to some of the items in the Memorandum of Understanding, Mr. Orchard specifically addressed the references to "areas" or "zones."

Mr. Orchard stated that Zone #1 is from Walton Boulevard down to the existing entrance to the main parking lot. This is the area in which there is the most impact for the university. This road project will impact the existing signs at the parking lot entrance near the corner of Squirrel and Walton, 79 existing trees, and 148 parking spaces. As part of the project, the city will relocate the existing sign at Squirrel and Walton, relocate the entrance to the parking lot to line up with the existing island that will be rebuilt, and rebuild the permanent sign at the parking lot entrance, remove that portion of the parking lot impacted by the road, construct a berm to screen the parking area, plant 110 trees and shrubs as screens and plantings within this zone, relocate the existing light poles to the new parking lot edge, and construct a new parking area. He commented that the proposed new parking spaces would be constructed in the parking lot just east of West Oakland Drive, just south of Walton Boulevard. The existing parking lot at that location is 21 rows wide, and the city will expand it by adding about 9 spaces and 17 rows. He stated that this expansion will provide for approximately 159 spaces to compensate for 148 spaces impacted in the main lot. The proposed parking lot would be constructed of a 4" asphalt surface on top of a 6" aggregate base, and the disturbed areas of the lot would be restored with top soil, sod, and 25 new trees to screen the lot on Walton Boulevard. He indicated that the lights are included as part of the construction, and the berm and screened planting in areas of both parking lots are to be developed with input from the university staff.

Mr. Orchard stated that Zone #2 is the area between the main entrance of the university and the entrance to the main parking lot. They will impact the existing two trailers, and replace 42 trees and 12 parking spaces near the modular buildings. In addition, the present parking area would be removed and replaced elsewhere, with an additional 20 trees. He indicated that the city would pay the university \$42,000 to relocate the modular

buildings, and the cost shall cover the moving of the buildings, their contents, site work, and utilities. They would construct a parking lot by the new buildings.

Mr. Orchard pointed out that Zone #3 is the main entrance to the university. He stated that the existing entrance road, the entrance sign, the Alumni flower berm, the information sign, and nine trees would be impacted. The existing sign would be removed and replaced in the existing median utilizing similar materials. He also indicated that the Alumni berm would be replaced and sodded with university staff planting the annual flowers. He commented that the city would pay to the university the sum of \$21,000 for the university to relocate the information sign and turn-off to another area of the campus, and five trees would be planted. The entrance road would be replaced with concrete pavement in the same location as the current road.

Mr. Orchard stated that Zone #4 runs from the main entrance to the university southbound to the entrance of the city Civic Center and beyond. They would replace 57 trees in this area.

Mr. Orchard stated that the road project basically would remove 187 trees in other areas and would replace them along Squirrel Road. They would plant these trees essentially with the input of the university staff.

Mr. Orchard then mentioned that while there are no buildings from the Civic Center south to Butler, they would enter into some heavily wooded areas, some on university land and some on Chrysler land. He advised that they took an inventory, according to the city's Woodland Ordinance, of all of the trees in this area, and they will be replacing 628 trees. He indicated that while it has not been worked out, the 628 trees will be replaced on both sides of the road between the Civic Center and Butler.

Mr. Orchard concluded his presentation by stating that he wished to make everyone aware of the timetable for this project. He stated that there is a gas main in Squirrel Road which has to be relocated before they can start construction on the road. Therefore, the gas company will have to move the gas main as early in the spring as possible (March or April). He stated that after the gas main is moved, then the city can have their contractor commence construction. He cautioned that what this means is that when the "wrinkles are ironed out" between the city and the university, the key to starting is, the "gas main in the spring." Mr. Orchard stressed that the gas main can only be out of service from approximately May to November.

In response to Trustee Sharp's inquiry as to where the gas main would be relocated, Mr. Orchard stated that it would be right in the road on what would be the west side of the right-of-way (it is currently on the east side) and that the gas company had what he thought was an irrevocable right-of-way. He indicated that there were a lot of problems in the right-of-way, including a water main.

In response to Trustee Sharp's inquiry as to how much more right-of-way would be to the east of the new boulevard assuming all was approved, Mr. Orchard said that the right-of-way itself would be 165', the "bulk" of which would come from Oakland University with some coming from Chrysler. He advised that the property line in this area is the center line of the existing road, and for safety reasons, the curves could not be so sharp. The entire right-of-way is east of the existing gravel road. He stated that Oakland University property would come right up to the right-of-way property line.

Trustee Sharp asked if the property that they were trying to buy would contain anything else beyond the new boulevard, the new roadway, the new landscaping, and the gas company right-of-way. Mr. Orchard advised that it would not, but what would be required, in addition to the 165', is a temporary grading easement so the area can be landscaped properly.

The city's presentation was concluded at this time.

Chairman Sims thanked Mr. Hampton for the presentation.

Special Liquor Licenses Report, July to December, 1991

Interim President De Carlo stated that liquor licenses were obtained for the following functions during the period of July 1, 1991, through December 31, 1991:

|  |                  |                                    |
|--|------------------|------------------------------------|
| Oakland University                         | October 26, 1991 | Student Program Board Dance        |
| Meadow Brook<br>Performing Arts<br>Company | July 20, 1991    | Meadow Brook Art Gallery<br>Picnic |

As there is no need for action on this issue, Chairman Sims acknowledged acceptance of this report.

Other items that may come before the Board

**Beaumont Hospital/Oakland University joint program report**

Chairman Sims called upon Trustee Googasian who reported briefly on a joint program involving Oakland University and Beaumont Hospital and specifically a visit last fall to the nurse anesthesia site at Beaumont Hospital which had been arranged by Interim Dean Penny Cass. Trustee Googasian stated that she, along with two other Trustees, were most impressed with the agreement that the university has entered into with Beaumont Hospital. Of the 12 students in this program, 6 are Oakland University graduates. She commented that they were not only impressed with the facility itself but also with such an affordable program. She reported that Oakland University was not only serving the public by what was being done but also our students and the university.

**Presidential Search Committee status report**

Chairman Sims called upon Trustee Larry Chunovich, Chairman of the Presidential Search Committee. Trustee Chunovich complimented the committee members on the tremendous amount of energy and dedication each was giving to the search process. He indicated that the committee is on schedule with the process adopted by the Board. He reported that the committee has narrowed the search to eight superior semifinalists. He stated that the semifinalists will now undergo extensive interviewing and reference checking, and on January 27, 1992, they expect to present the list of finalists, in non-ranked order, to the Chairman of the Board. The finalists will then be invited to a variety of campus activities and forums. Trustee Chunovich indicated that it is anticipated the name of the new President of Oakland University will be made public at the March 11, 1992, Board Meeting.

**Interim President's Report**

Interim President De Carlo expressed his desire to make some extensive comments to the Board on the current status of the university, and to establish some objectives for the next few months and the year ahead.

Status of University Address  
by John De Carlo  
Board of Trustees Meeting January 8, 1992

In my opinion, it is appropriate -- in fact I believe it is necessary -- to provide a brief year-end status report on the university, and some of our accomplishments and concerns, along with the establishment of some objectives for the next few months and the year ahead. It would be a serious mistake to waste even one precious day from the time that is available to us to resolve some long-standing and current problems and to enhance the stature of the university.

It is important that we establish a frame of reference or a base as to where we were on my appointment date on June 5, 1991, in order to understand my actions, to measure the progress to date, and to plan for the future. On the day after my appointment, I was advised that we were in serious financial straits. How serious was not known to me until further discussions with the finance staff. The facts were startling in that they revealed a General Fund deficit of a little over \$3,800,000 and an Auxiliary Fund deficit of approximately \$1,200,000. At my request, a more in-depth analysis was undertaken, and it revealed that the auxiliary funds were actually in deficit in an amount totalling \$1,600,000. There were also deficits in the Continuing Education and Health Enhancement Institute budgets as well as the Festival and Theatre.

At that time, our actual sources of revenue and some of our operational costs were unknown. The Legislature and the Governor were deadlocked in a bitter fiscal debate related to a declining state economy and budget, and our appropriation had not been determined.

Student tuition and fees for the fall semester had not been determined, and the university was engaged in negotiations with the AAUP. Let me digress at this point to repeat what I have stated in the past. I am deeply grateful for the amicable resolution of the AAUP Agreement. I believe that the contract was in the full and best interest of the faculty as well as the university. As a result of the settlement, the university will be able to meet the needs of the

faculty in ways which were not even contemplated at the time of settlement. I am pledged to see that during my term of office all parties will be pleased with the agreement.

Communications with all segments of the university community needed to be established in order to facilitate the resolution of our problems.

Budget discussions were immediately initiated on two levels -- the resolution of the imminent problem for the 1991-92 fiscal year had the first priority along with the creation of a planning process for the 1992-93 fiscal year which was second in priority. The need for planning for 1992-93 is an important factor since a temporary budget correction in 1991-92, based on the freeze process only postpones the inevitable need to take more drastic actions in subsequent years, since compounding costs have a way of exacerbating the fiscal problem.

In consultation with many members of the university community, an administrative position employment freeze was initiated in all areas. As administrative positions became vacant, they were not filled except for very critical operations. There was also a reduction of \$125,000 based upon an analysis of possible savings in out-of-state travel accounts, plus an additional cut of \$100,000 from non-academic equipment accounts.

Our targeted savings through the freeze effort and certain budget cuts was \$1,600,000. With the increase in student fees and tuition of \$2,200,000 approved in August, 1991, we projected a balanced budget for 1991-92. You may well ask, "Are we on target?" A monthly reporting process was initiated, and I am pleased to state that as of December 15, 1991, the compensation savings amount to about \$340,000 against a target of \$750,000. The projected savings for those positions that are currently frozen indicate that we will meet our \$750,000 objective.

The projections are positive, but it is interesting to note that the rate of salary savings is not as great as in past years due to the lack of employee turnover. Employment is very stable which, from an operational point of view, is very gratifying.

To effectuate necessary savings, a review determined that there was a need for a better organized and leaner administration which would be more responsive and also reduce costs. The purpose of these actions was to strengthen and support the academic and research programs at the university. There is a critical need to infuse more resources into the academic sector. For too long, we have initiated programs, involved talented faculty, and then fiscally starved the endeavors so that they operate marginally, and in some instances submarginally, when compared to what I consider to be an acceptable level of operation. This process short changes our students and is dispiriting to talented and dedicated faculty and staff.

The Division of University Extension and Public Service was dissolved with its academic functions of Continuing Education and the Health Enhancement Institute being assigned to the Academic Affairs Division and its public service and public relations activities being assigned to the Development Division which already had the responsibility for public external relations.

One vice presidency and the attendant costs were in effect eliminated. There were further consolidations and reductions in the Meadow Brook Festival and Theatre areas with at least eleven staff reductions.

Through the budget review process, there were additional administrative staff and operational reductions. It should be clearly noted that with the exception of the Festival and Theatre to date, these reductions were accomplished through attrition and the freeze process. There will be other permanent administrative reductions in other areas through the freeze and retirement process, but we must continue our review on the possible reassignment and consolidation of functions in other areas.

It should be noted that every effort has been made to spare the academic programs of the university and also to maintain the needed administrative support services. My thrust has been to balance the current budget and plan for a balanced budget for the next year with a further thrust to enhance the academic functions wherever possible. I believe that we can accomplish these objectives.

The university is in better fiscal condition than several of our sister institutions, and in my opinion with thoughtful planning, not only can we weather this year but also the next year or two, which will without question be difficult economically. But, to accomplish this objective, we must change some of our past habits.

One of our past habits has been to start programs and then to starve them to efforts of mediocrity with no support services or funding. The first question we must ask when a proposal is submitted is, "Will it enhance or detract from our academic program?" We need to keep this question uppermost in our mind in all of our actions.

To enhance our academic and research mission, there is a critical need to provide additional financial, facility, and equipment resources. We are concentrating on the identification of ways to meet these needs. I am confident that we can find some additional resources. We are on the threshold of not only identifying some of those sources but also making them available to our academic mission. As part of this effort to enhance our academic mission, we shall also concentrate on improving the level and diversity of our scholarship programs for our incoming student body. I will be making some recommendations on raising admission standards with a recommendation to supplement scholarship program efforts. We shall also assure that we maintain, and more importantly enhance, the diversity of the university. The source of funding for these scholarships will also be identified. As a small example of our effort to find new sources of funding, we recently identified some funds from the Golf Course and other areas to very modestly support faculty research, grant applications, and faculty sponsored programs. This effort of finding new sources for funding academic and scholarship programs can be intensified.

I owe the university, the Board and my successor the obligation of an orderly transition of an academically and fiscally sound university. I cannot, in good conscience, take the easy path and postpone needed decisions and actions the delay of which would make my life comfortable and worry-free but create serious problems for the university and my successor. There is a critical need for some additional initiatives involving the Board and the university community in order to sustain the progress we have made to date.

1. In the past, for various reasons, the budget process was considered late in the fiscal year with little or no opportunity for discussion or alternative action. We have already initiated discussions with each division on next year's budget, and I have encouraged broad discussion within and between the divisions. I would be less than candid if I did not express some concern that these discussions have not yet reached the scope of involvement I would like, but this concern will be addressed. It is important to note that not only has the planning process been initiated, but it has been strengthened through the efforts of the vice presidents and the deans.

The budget process will be taken to the Board committees starting in February and March rather than a later date.

2. A policy on tuition is critical to students and the budget process and should not be deferred. Here again, staff discussions have been initiated already and preliminary recommendations will be made to the Board committees in February and March. We intend to present to you various budget projections and options so that we can thoughtfully assess the impact of our actions not only on the student body, but also assess the impact of this revenue source on programs.
3. The Strategic Guidelines recommendations submitted by the Senate Committee to the Board, as part of the Board's long-range planning process, should be considered in concert with budget and tuition issues.

The process was, unfortunately, interrupted by the reorganization of the university and the presidential search process.

The university's mission, goals, and objectives should be reviewed. There should be a thorough community discussion on the future of the university including its research mission and the role of the sciences.

4. Policy issues relating to the role of the Meadow Brooks must be considered immediately. We are currently discussing the possibility of contracting for the operation of the Festival with an outside promoter. The thrust of

this effort will be to provide university control and input into a public service program that will enhance the university's objectives, but without the horrendous costs as in the past. The Festival and the Theatre have been and can continue to be tremendous assets to the university. They can and should support our primary mission. We need to retain the valuable support of the Meadow Brook volunteers, some of whom have expanded their support in many ways to our teaching and research efforts. We must remember, however, that our primary missions are teaching and research. If conflicting efforts rise to a level where there is no cost benefit, then we need to reconsider our directions and actions. We will need your counsel very shortly on this external arrangement and some of the consequences of our proposals such as the role of the Detroit Symphony Orchestra, the level of promotion and programming, and a possible effort to obtain a liquor license for the facility. These are critical policy issues. We may need a special Board meeting prior to our February meeting.

A plan for the resolution of the deficits in these accounts is also being developed. Because of the enormity of the deficit, this must be an effort that will extend for several years.

There are a host of issues relating to the auxiliary operations and the athletic program that must be reviewed now.

I personally would like more faculty involvement in some of these discussions in order to supplement the support already provided from other areas. In this connection, it is my intent to appoint an advisory committee to the president on our athletic program with strong faculty involvement. This action will hopefully occur no later than February, 1992.

5. Given the fiscal problems in the state -- there is no question that our space needs will not be alleviated by a new building for at least three to four years. The other universities will face the same problem except U of M which has tremendous current fiscal resources. It is unconscionable to continue as we are with strong indications that we may not be utilizing our current

space efficiently. There is a critical need to alleviate the space shortages in the academic and research areas and in some administrative areas. The fruits of a review and analysis of our current space needs and the utilization of existing space can resolve some problems immediately and provide my successor with a "running start" on the resolution of a critical problem. Currently, we do not have adequate information, and, unfortunately, each of us may not possess the necessary objectivity to deal with the problem.

In consultation with the vice presidents and staff, several alternatives are being explored. We shall need the Board's counsel and involvement on the resolution of our space needs.

6. The university has not developed a program or plan assessing the condition of its physical plant. We, as have most of the universities in this state, have been derelict in establishing such a plan along with reserves and sources of funding for maintaining our physical plant. To cite what has occurred in just the past seven months, the high-temperature line serving Wilson Hall and the Meadow Brook Theatre ruptured with a repair cost of \$80,000. On Monday of this week, the line serving the Library and Dodge Hall gave out. The estimated cost of repair is unknown, but we believe the entire line should be replaced at an estimated cost of \$700,000. Past requests to the state for funding the replacement of these lines has not been forthcoming because of the state's fiscal problems. We have initiated an effort to resolve this problem, and we are in the process of creating a plan to address these needs. The costs are staggering, but through proper planning, it is our hope that we will be able to meet our most critical current needs and plan for the needs of the future.
7. Last, we shall have a merit system for our valued administrative professional employees. Those many employees who extend themselves should be recognized. We intend to review this plan with our employees in January and will inform the Board in February on the nature of our proposed system.

I could list a myriad of additional issues and problems that we have jointly addressed, but I have probably spoken longer than I should; so let me conclude with these positive observations.

Oakland University is fiscally sound, but of greater importance, it is academically sound due to the quality of its faculty and the efforts of a strong support staff. We are unique in this regard in comparison to many universities, and it is a travesty that the university is not fully appreciated by the citizens of this state and even by us at times. It is unfortunate that it takes a review by the North Central Association or U.S. News and World Report to bring our strengths to the attention of the citizens of this state and even to our own attention.

I pledge to you that I shall make every effort to stress and enhance the academic mission of the university during my term in office. I believe that while the future suggests serious fiscal problems, we can address them without the destruction of productive academic programs serving the needs of our students. I also believe that we can gradually reverse the flow of funds away from and back to the academic and research programs. I have charged each of the vice presidents to consider this need as having the highest priority, and we have made some progress in identifying resources for our academic and scholarship needs that in the past may not have been expended on academic programs. There is more that can and will be done during my brief term in office. ●

I would be remiss if I did not note the support that I have received from the entire university community. I have tried to meet regularly with faculty, students, deans, the vice presidents, staff, donors, and the community at large. I value the acquaintances that have developed in the interest of the university and the input and support I have received. The willingness of many faculty members to share their concerns and knowledge on academic and research matters has been especially appreciated.

The university is now at a point in its history where we can not only plan for the future, but we can begin to control our actions and attain some of the objectives we have dreamed and talked about for years.

With the Board's counsel, involvement, and support and with the counsel, involvement, and support of the faculty, staff, and students, we will develop into a unique institution of academic excellence that will be recognized not only throughout Michigan but also nationally.

I thank you for your patience in listening to this report and for the opportunity to serve the university.

There was a round of applause for Interim President De Carlo's speech. Chairman Sims thanked him for his report.

Chairman Sims asked for any actions, comments, or questions from the Board of Trustees.

Trustee Sharp stated that he felt Interim President De Carlo had done a magnificent job in his short tenure in addressing and identifying problem areas that needed to be brought forth. He stated that while they have not been able to deal with them all, at least they have been identified; and he felt that, at the end of Interim President De Carlo's tenure, the university will have been better off with him having been in this position.

Trustee Handleman agreed with Trustee Sharp's statement.

Trustee Handleman, seconded by Trustee Chunovich, moved adjournment of the meeting at 4:40 p.m. The motion was voted on and unanimously carried.

Submitted,

Approved,



Nora J. Corning  
Administrative Assistant  
Board of Trustees



Howard F. Sims, Chairman  
Board of Trustees