

Minutes of the Meeting
of the
Oakland University Board of Trustees
February 12, 1992

Present: Chairman Howard F. Sims, Trustees Andrea L. Fischer, Phyllis Law Googasian, L. Brooks Patterson, and Stephan Sharf. Trustee Larry Chunovich joined the meeting as noted in the minutes.

Absent: Trustees David Handleman and James A. Sharp, Jr.

Chairman Howard F. Sims called the meeting of the Board of Trustees to order at 3:15 p.m. in the Gold Rooms of the Oakland Center and stated that the agenda would be revised and item 7 would be considered before item 6 since Trustee Chunovich would be not be present for the first part of the meeting.

Approval of the Minutes of the Meeting of January 8, 1992

Trustee Stephan Sharf, seconded by Trustee L. Brooks Patterson, moved approval of the proposed minutes of the meeting of January 8, 1992. 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 H. Rodwell, Vice President for Development and Alumni Affairs, reported that the gifts and grants to Oakland University and the Oakland University Foundation reached \$1,335,000. He specifically pointed out that Alumni gifts amounted to approximately \$143,000 this year, and he noted that the \$100,000 gift from the General Motors Foundation is the final payment of their \$500,000 gift to the School of Engineering and Computer Sciences. Vice President Rodwell made special note of the \$50,000 gift from Mr. and Mrs. David Handleman which completes a \$250,000 pledge for the Performing Arts Library. He also mentioned the \$453,721.82 gift from the Matilda Wilson Fund which completes the restoration work at Meadow Brook Hall. In discussing the gifts to the Oakland University Foundation, Mr. Rodwell expressed appreciation to Trustee Sharf for an initial payment of \$6,750 on his pledge to the Kresge Library Endowment Fund. He added a note of recognition for the numerous gifts to the President's Club which has 89 new members. In response to Chairman Sims' inquiry as to the current number of President's Club members, Mr. Rodwell advised that there were 1,250.

At this point, Mr. Rodwell asked Vice President Keith R. Kleckner, Sr. Vice President Academic Affairs and Provost, to comment on the grants to the University.

Vice President Kleckner pointed out that we had continuation grants to the departments of Biological Sciences and Chemistry, and the School of Engineering and Computer Science.

Trustee Patterson, seconded by Trustee Andrea L. Fischer, moved acceptance of the gifts to Oakland University with appreciation and also recognition of the gifts and grants to the Foundation. The motion was voted on and unanimously carried.

Faculty Personnel Actions

Mr. Kleckner made the following personnel recommendations:

Appointments

Chen, Qun, Adjunct Instructor in Medical Physics, effective August 15, 1991, through August 14, 1993 (new appointment to an honorary position)

Kim, Jae Ho, Adjunct Professor of Medical Physics, effective August 15, 1991, through August 14, 1996 (new appointment to an honorary position)

Leave of Absence

Garcia, Wilma R., Associate Professor of Rhetoric, sabbatical leave from September 1, 1992, through December 18, 1992 (with full pay)

Jacobs, Sheila M., Assistant Professor of Management Information Systems, extension of sick leave from December 31, 1991, through March 15, 1992 (with full pay)

Kloosterman, Norman, Assistant Professor of Nursing, sick leave from January 2, 1992, through April 25, 1992 (with full pay), and leave effective April 26, 1992 (with no pay; Mr. Kloosterman has been granted long term disability)

Resignation

Cooper, David N., Associate Professor of Education and Director, Ken Morris Labor Studies Center, effective December 20, 1991

Klaits, Joseph A., Professor of History, effective December 31, 1991

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

Recommendation for Approval of Degree Candidates

Acknowledging that it was a departure from the agenda order, Chairman Sims asked Mr. Kleckner to present the recommendation on degree candidates.

Referring to the list of approved graduates which had been submitted to the Board at the meeting, Mr. Kleckner stated that he was advancing these names to the Board for formal approval. He noted that there were two separate reports. One report covered the undergraduate list and the other the graduate student list.

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

Meadow Brook Subdivision Financing Guarantee (Report)

Chairman Sims called on Mr. Robert J. McGarry, Vice President for Finance and Administration and Treasurer to the Board, who advised that the Board of Trustees guarantees the financing of homes in the university's Meadow Brook Subdivision. He stated that all newly guaranteed notes are to be reported to the Board, and at January 1, 1992, the Board of Trustees was guarantor of 40 mortgages with balances totaling \$1,399,240.11. On November 25, 1991, the university guaranteed payment on a promissory note in the amount of \$42,713.00, which was a fifteen (15) year, fixed rate mortgage with interest of 9.25 percent. The loan is with the Michigan State University Federal Credit Union and matures on December 1, 2006. In addition, there was another guaranteed payment on a note on December 20, 1991 in the amount of \$46,000 for fifteen (15) years, at a fixed interest rate of 9.25 percent. It too was with the Michigan State University Federal Credit Union and matures January 1, 2007. Chairman Sims thanked Mr. McGarry for the report.

Selection of Audit Firm

At Chairman Sims' request, Mr. McGarry informed the Board that while Board policy calls for the rotation of public accounting firms after six years, the university did engage the services of

Arthur Andersen for seven years, adding the extra year for administrative accommodation based on the fact that the university was establishing a new financial accounting system. The Board authorized the additional year with Arthur Anderson. He stated that a selection committee was formed to solicit proposals from several CPA firms for the purpose of appointing a new firm for the 1991/92 fiscal year. Ten firms were invited to submit proposals. They included Coopers & Lybrand, Deloitte & Touche, Ernst & Young, Plante & Moran, Grant Thornton, Price Waterhouse, KPMG Peat Marwick, Jack Martin & Co., George Johnson & Co., and BDO Seidman. Two firms elected not to respond and three subsequently decided that the firms had no interest in a contract with the university. The five firms expressing an interest were Coopers & Lybrand, Ernst & Young, Grant Thornton, Plante & Moran, and Price Waterhouse. The university search committee engaged in an extensive process in which the prospects were invited to meet with our chief internal auditor and controller to better understand the scope of the audit. They were asked to submit proposals and were invited back for a two hour session with the committee.

Mr. McGarry advised the Board that the five firms were evaluated utilizing a score sheet which included such facts as the fees to be charged and the ability of the firm to accomplish a qualified and professional audit. Based on this information, Mr. McGarry stated that the search committee's final selection is Coopers & Lybrand. He added that the firm had the highest score, and its fee, which was the lowest, is quoted at \$40,000 with an escalator clause that fee increase is limited to the lesser of the CPI or 5 percent.

Trustee Fischer asked why Deloitte & Touche and Peat Marwick disagreed with the university on the presentation of consolidated statements. Mr. McGarry advised that consolidated financial reports have been provided for the last five years at the request of the Board. It is not a generally requested presentation in the field. These two firms were of the opinion that they would be compromising their position by certifying audit statements that contained consolidated financial reports.

Trustee Larry Chunovich joined the meeting at this time.

At this point Trustee Googasian extended appreciation to Ms. Peggy Cooke as chair of the committee for the detail contained in her report and the efforts of the search committee.

Mr. McGarry then recommended that the Board of Trustees adopt the following resolution:

RESOLVED, That the Board of Trustees appoint the firm of Coopers & Lybrand to perform the audit of the 1991/92 financial statements, at a total fee of \$40,000.

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

Discussion on Memorandum of Understanding between Oakland University and the City of Auburn Hills Regarding the Widening of Squirrel Road

Chairman Sims directed the discussion of this item to Interim President John De Carlo who stated that there was a critical need to evaluate the general terms and conditions of the sale of university property for the widening of Squirrel Road. In addressing the City of Auburn Hills' proposed Memorandum of Understanding submitted to the Board, Mr. De Carlo advised that the university administration has conferred with the City of Auburn Hills' counsel to try to provide clarification of some of the terms in the agreement, however, he had not as yet received this information. Mr. De Carlo advised that the city was hopeful of receiving a decision from the university in March on the sale of the land, and he expressed the belief that it is critical for the Board to discuss the issues relating to the sale of the university property. Mr. De Carlo stated that we have to make a determination as to whether we wish to sell the property, at the price recommended by the negotiating parties, and if the general terms and conditions of the Memorandum of Understanding are acceptable. In addition, there was a very unique provision with respect to the establishment of the escrow or endowment account for scholarships for residents of Auburn Hills. Mr. De Carlo stated that these issues must be considered, and the Board members should express their concerns and reservations. If there were no objections, then the matter could be brought to closure by finalizing the Letter of Understanding and submitting the matter to the Board for action at the March meeting. Mr. De Carlo noted that the city made a presentation to the Board, and the city is requesting the sale of approximately 23 acres of land at \$4.00 per foot with an initial scholarship fund of \$750,000 from the purchase price. At the end of 5 years, \$500,000 of that scholarship fund amount would revert back to the university without restrictions. At this point Mr. De Carlo opened the discussion to questions.

Trustee Patterson stated that after a lengthy discussion on this topic during the University Affairs Committee meeting, it was recognized that the sale of the property would be beneficial to the university and the City of Auburn Hills, and it would improve the traffic flow around the university. He felt the price and terms were fair to both parties, however, he voiced some concern relative to the cumbersome scholarship committees and subcommittees to be established which he thought would be a "lawyer's dream in the future." He felt we should address the possibility of a successful legal challenge to the scholarship proposal by a third party at some future time. Trustee Patterson stated that if the \$750,000 represents part of the sale and we set up a scholarship fund, it should be the university that administers that scholarship fund. It could be restricted to residents of Auburn Hills or residents from the Auburn Hills school district, however, the city should not be involved in defining the eligibility and standards. He did not think the university should change its current scholarship awarding process to give outside parties a voice in the administration of scholarships which is a function unique to the university. He felt we would be getting into a whole new arrangement by which we would accept money and give the donating parties some control over the administration of awarding scholarships. He felt this would be setting a dangerous precedent. Trustee Patterson noted that there are scholarship standards which we adhere to, and he was against setting up new criteria which could result in possible legal challenges should the subcommittee disagree with how we do our business. His real concern was for future years, and he did not want the university to get into a quagmire of debate with individuals who give money to the university.

Chairman Sims stated that this concern has been expressed by other Trustees, and he felt that it was important that Oakland University maintains its authority on scholarship administration.

The discussion on this issue continued with other Trustees voicing their agreement with Trustee Patterson. In reply to Trustee Fischer's inquiry as to whether there had been any contact with the city since the February 5, 1992, Finance and Personnel Committee meeting, Mr. De Carlo replied that he had talked with Mr. William Hampton, attorney for Auburn Hills, on February 9, 1992. Mr. Hampton indicated he would give this issue some thought and confer with the city administration.

Mr. De Carlo stated that with the guidance provided by the Board, he will confer with the city on this matter. He commented that the city would be pleased to learn that we have narrowed this decision down to one issue.

At this point, the presence of Mr. Dennis McGee, Auburn Hills City Manager Designate, was recognized. Mr. McGee stated that the city would be very pleased with the Board's general reaction, and he was personally encouraged with the progress to this point. He expressed an understanding as to Trustee Patterson's position and would personally transmit this information to the city.

Chairman Sims thanked Mr. McGee for his comments.

Recommendation regarding Contract with Promoter for Meadow Brook Festival

Chairman Sims called upon Interim President De Carlo who stated that he would like to make the following comments on the Meadow Brook Festival issue:

There has been an expression of some concern and confusion with respect to the future of the Meadow Brook Music Festival and, therefore, I believe that it is important that I make some brief prefatory comments regarding this matter.

I feel that I have gone full circle in my career at Oakland University. When Chancellor Woody Varner appointed me as Vice Chancellor in 1969, he stated that one of my key assignments was to bring administrative order to the Festival and Theatre and to return them to a fiscally solvent position. At the time of my appointment, just as occurred in June of this year, I was not aware of the depth of the problem. At that time the Festival and the Theatre in 1969 had a deficit of \$600,000. In 1969 dollars that is probably greater than today's debt of \$1,200,000 and Mr. McGarry tells me that would be equal to \$2,200,000 in 1992 dollars.

Chancellor Varner left shortly after appointing me in 1970, and Don O'Dowd was appointed president and it was his suggestion that because of the severe fiscal problems relating to the Theatre that it should be closed. I indicated at that time that I did not intend to preside over the demise of either the Theatre or the Festival and in my short career at the institution, I did not think that was appropriate. We made some major critical administrative and programming changes, not only in the Theatre but also in the Festival by introducing the popular series to supplement and fund the Detroit Symphony Orchestra. At that time, we also experienced some expressions of concern and confusion about the fate of the Festival and there were questions about our wisdom with respect to introducing the popular series. Some

of the music critics expressed concern that the Festival would not flourish and would be closed shortly because of the diversity of programming. They were wrong.

Once again, we are faced with a very serious fiscal problem that will take some drastic action and require another initiative to save a very valuable public service program for the university.

The Festival and the Theatre should not be a financial drain on the institution. These programs should, and can be, as they have in the past, extensions of our public service effort bringing prestige and positive notoriety to the institution. They should be the basis for developing relationships in the community which will be supportive of not only the Festival and the Theatre, but more importantly the institution's academic programs. In addition, it is my opinion that what we will recommend tonight will lead to what many of us have aspired to for many years and that is a closer relationship to our educational programs and the initiation and funding of efforts between the Festival and the Theatre and the academic activities of the university.

Let me state very clearly that in our recommendation the university will be involved in the programming of the Festival. There will be a critical need for continued support by the Meadow Brook Festival and Theatre executive Committee, and the many volunteers who are involved in these efforts each year.

As I noted, the Meadow Brook Festival has incurred losses during the past four years of operation to the extent that, in combination with the costs incurred at the Meadow Brook Theatre, there is an accumulated deficit of \$1,200,000. Careful consideration has been given to the need to maintain the Festival and Theatre operations with some hope of improving the programming while assuring that no further losses would be incurred. In addition, there is a need to develop a plan for the funding of the deficit since the institution is incurring a continued loss of earned income on the \$1,200,000 which is carried on other institutional accounts.

The university administration, in cooperation with the Board subcommittee chaired by Trustee Sharf, and with the assistance of other Trustees, has engaged in numerous discussions with several private operators in order to determine if there was an interest in a contractual arrangement whereby the university would have an enhanced program but

not be subject to any loss on the operation of the Festival. After extended discussions from August of this year to date, the process has been narrowed to two proposals. One proposal has been presented by Arena Associates (The Palace) with another proposal being received from Olympia Arenas, Inc./Brass Ring Productions. The Board of Trustees has been provided with an analysis of both proposals, and it is the recommendation of the administration, and my recommendation, that, based upon the income to be received and the length of the contract along with the proposed conditions which would assure appropriate programming, that a contract should be awarded to Olympia Arenas, Inc./Brass Ring Productions.

Olympia Arenas, Inc./Brass Ring Productions will assume the full cost of operation of the Festival. In addition, the university will be paid \$200,000 per year in rent in quarterly payments. There is a provision that the university could receive 6 percent of all gross ticket sales computed annually, and if this amount exceeds the \$200,000, then the greater income would be paid to the institution. The terms of the proposed agreement would consist of an initial three-year agreement with an option for an additional five years. It is also proposed that the promoter would be permitted to make certain capital improvements to the facility at its sole expense, but subject to the university's approval. If the contract is not renewed after three years, the capital improvements would inure to the benefit of the university. There is a separate critical policy issue that must also be considered. Each promoter has raised a question with respect to the service of alcoholic beverages at the festival. Olympia/Brass Ring would like to pursue the acquisition of a Class C license from the State of Michigan for the service of beer and wine only. Failure to obtain such a license would, in their opinion, have no bearing on the validity of the agreement, however, they would like to make that effort.

At this time, I would like to read the resolution regarding this matter. I believe that there should be an open discussion on the resolution and the appointment of a promoter, as well as the Board's position on the acquisition of a license for beer and wine by the promoter.

RESOLVED, That the vice president for Finance and Administration is authorized to enter into a letter agreement with Olympia Arenas, Inc./Brass Ring Productions in accordance with the general terms and conditions set forth in the letter dated January 24, 1992, from Mr. James R. Lites, Executive Vice President, and as amended with respect to the percentage of gross ticket sales; and be it further

RESOLVED, That this agreement shall be subject to a formal agreement which will set forth with greater specificity all of the terms and conditions for an extended agreement between the parties which contract shall be subject to the prior approval of the Board of Trustees after review by the President and the Office of General Counsel.

Mr. De Carlo thanked Trustee Sharf for his efforts as chair of the Ad Hoc Committee charged to study this matter. He noted that Trustee Sharf spent an inordinate amount of time in trying to bring this very critical problem to closure.

Chairman Sims asked for comments from the Trustees prior to a motion for approval.

Trustee Fischer stated that she assumed a Class C liquor license included hard liquor, and she, for one, was not opposed to serving liquor for corporate functions and in the restaurant if the promoter/operator decided that it is necessary to assure fiscal success.

Trustee Googasian stated that she did not view this issue so much from the financial aspect since this was the purview of the Finance and Personnel Committee. What motivated her most was keeping the Meadow Brook character essentially as it was but without the past fiscal problems. She felt we were ready to enter into a very good relationship with people who know how to promote the Festival. She added that she was prepared to accept the recommendation before the Board since her concerns were satisfied. She added that she had respect for the effort put forth by Trustee Sharf in the negotiations process.

Trustee Sharf commented that for years the Board has talked about resolving the financial problems with the Meadow Brook Festival. He wished to state that he has no complaint about the Meadow Brook Music Festival staff, but there is a need for a solution to the deficits that have occurred over the past several years. He stated there were only three basic options. First, we could continue to lose money which would be fiscally irresponsible for a public university. Second, we could close the Meadow Brook Festival, or third, we could find someone from the outside to operate the Festival at no cost. He added that this outside promoter was offering us money in addition to their operating the Festival. Trustee Sharf pointed out that our inability to operate the Festival was not due to the incapability of the inside staff. In the entertainment world, "there are certain acts that can only be booked by certain people," and we were not able to book the finest acts. At this point, he elaborated on a

letter the Board received from the Detroit Symphony Orchestra (DSO) wherein they advised that they want \$300,000 for Friday and Saturday concerts, with no other orchestra being allowed to perform. The DSO also wanted all ticket revenue which, in reality, means that Oakland University would have to support the Detroit Symphony. He advised that with the new agreement, Brass Ring Productions would be negotiating directly with the Symphony sparing the university the burden of underwriting the DSO.

Chairman Sims stated that in our support for Meadow Brook, we have utilized funds that could otherwise have been available for the academic enterprise of this university. With the Brass Ring arrangement, we will be better able to support our academic programs.

At this point, Chairman Sims introduced Mr. James R. Lites, Executive Vice President, of Olympia Arenas, Inc./Brass Ring Productions. Mr. Lites stated that Olympia Arenas, Inc. was the management company for Joe Louis Arena, Cobo Arena, the Fox Theatre, and the Glens Falls Civic Center in Glens Falls, N. Y. They are also a subsidiary of Little Caesar Enterprises, Inc. which is also the owner of the Detroit Red Wings Hockey Club. He then introduced Mr. Robert Fox, President of Brass Ring Productions, and Mr. Michael Novak, Brass Rings' legal counsel. Mr. Lites stated that they were delighted to have put this proposal together, and they believed it would be a "very nice fit for them considering their operation at the Fox Theatre." He felt the program mix would enhance the great traditions created at the Meadow Brook Festival. He stated he was looking forward to working with the university, and he assured the Board that their concerns would be addressed. He advised the Board that his company has an aggressive capital improvement plan which it would like to implement this spring, and he looks forward to having a very long, mutually beneficial relationship with the university.

Mr. De Carlo stated that one of the critical issues that had to be addressed and clarified was the liquor license. Mr. Lites stated that he too wished to clarify this issue. He understands the concerns about the liquor license in general and is of the opinion that the liquor license would provide the operator with the potential to increase revenue. In researching the process required to obtain a liquor license, he learned you may not have an opportunity to go back and expand upon the coverage of the license. They are prepared to enter any restrictions the university imposes, but to restrict the scope of the license at the outset would limit the promoter and in their opinion be a mistake. Mr. Lites stated that they are proposing that the university give them the opportunity to license themselves fully with a Class C liquor license, and if the university wanted to start with a beer

and wine application, that would be acceptable. He noted that a restricted serving of liquor to special events such as corporate hospitality programs could be an integral part of their operation. He stated they appreciated the university's concern and would restrict the use of alcohol to certain places and programs like the restaurant and corporate hospitality events.

Trustee Fischer verified the procedures for obtaining a liquor license as stated by Mr. Lites and commented that it is something you can only go through once. More importantly by law, once you have a liquor license, the operator of that facility is liable for the liquor on the premises. Therefore, anyone trying to bring in liquor, could be stopped and might in some instances not be happy that there is no beverage available. She felt that we may actually be better off if we allowed liquor to be served in a moderate fashion.

In response to Chairman Sims' inquiry as to whether the prohibition to bring in alcoholic beverages pertained to beer or wine, Trustee Fischer stated that the law covered all such beverages.

Trustee Patterson commented that Mr. Lites made an excellent point. We have acknowledged that the \$1,200,000 deficit impairs the education mission of the university, and we have gone to the outside to hire experts who could provide income to the university and help eradicate the debt. One of the important aspects of this proposal from the university's perspective is to inculcate the education experience with the Meadow Brook Festival so the students can benefit. He felt it was impractical to impair the effort to raise income to liquidate the debt. Therefore, he was in favor of securing the widest range of licensing obtainable.

In referring to Mr. De Carlo's earlier comments pertaining to the university having some control over the entertainment, Trustee Patterson stated that he was not in favor of restricting Brass Ring to such a significant extent as to unreasonably impair Brass Rings' efforts. Mr. Lites stated that he believed their understanding in this area was consistent with the needs of the university, and he acknowledged that the reason Meadow Brook has had such a "good position in the marketplace" is because of the nature of the program. To alter this format dramatically would not be a wise business decision on their part. He said that it was not consistent with their plan to turn the Meadow Brook Festival into a place for a "lot of kids and rock and roll." He noted that there may be some differences of opinion between the university and Brass Ring, but he felt comfortable with the university's position. He stated that the type of programming done at the Fox Theatre for the past three years would be compatible with what is proposed for Meadow Brook.

Trustees Fischer, Patterson, and Sharf contributed to a brief discussion regarding the concerns over the types of acts in question. Mr. Fox stated that there are some shows produced at the Fox that would not be appropriate at Meadow Brook. In referring to the Pop Series introduced at Meadow Brook, Mr. Fox stated that he produced this series 10 out of the last 11 years. He advised that Brass Ring would definitely be sensitive to what is right for the university. There will be very small and subtle changes over the past programming. In addressing the issue of the DSO, Mr. Fox stated that he is a very strong backer of the DSO, and he felt that he could successfully promote the DSO at Meadow Brook. The last thing he wanted to do is to lose the DSO at Meadow Brook. He pointed out that Brass Ring has a very strong relationship with the Symphony in that they do the "Nut Cracker" at the Fox each year, and the DSO is paid approximately \$700,000 for this production. He advised that he has already started discussions with Mr. Mark Volpe of the DSO. In referring to the DSO's demands to the university, he pointed out that Brass Ring was in a different position than the university. He commented that the DOS presentations would be a little more "pop oriented" and appeal to a larger audience than in the past.

Trustee Googasian commented that she appreciated Mr. Fox' affirming her presumptions that the past character or thrust of Meadow Brook will not be changed. Mr. Fox stated that their idea was not to have searches at the gate. While some people assume that Brass Ring will generate extensive revenue from the liquor license, the actual sale of the alcoholic beverages does not generate that much income. The major source of income would come from the sponsorship situations from the companies.

Trustee Fischer* stated that there is a legal aspect to this issue. Once an establishment has a liquor license, it is legally responsible for all liquor related activities at that establishment. Therefore, they would be posting signs indicating that patrons could not bring alcohol into Meadow Brook and that they would have to purchase it on the site.

Mr. Lites acknowledged that there were strict controls requested by the Liquor Control Commission. Trustee Fischer advised that the Board, as public officials and Trustees, should require compliance with the law in order to avoid liability to the university. Trustee Googasian stated she recognizes this fact and that was the nature of her concern. She pointed out that the university has been responsible all of these years for acts at the Festival and continues to be the owner of the facility.

Mr. De Carlo concurred that Trustee Googasian and the other Trustees have raised a very critical question. This issue has

been discussed in Committee and if Brass Ring is the licensee, it will be required to provide insurance holding the university harmless from any of their actions or acts that may occur at the Festival. Mr. De Carlo felt that the issue of "bringing your own" alcoholic beverage was a problem. Trustee Fischer indicated she has contacted the Liquor Control Commission and the law must be changed to permit the sale of alcohol.

Chairman Sims thanked Messrs. Lites, Fox and De Carlo and stated that the sense of this discussion has been very much in favor of moving forward with this agreement. He noted there were two items that were brought up at this meeting which represent a slight departure from the direction we have taken. One is the introduction of liquor, and the other is the notion that Brass Ring would have complete unfettered responsibility for the acts that are booked. Chairman Sims stated that the university cannot relinquish its obligation to review proposed acts. He felt we must have some level of control in case at some point in time Mr. Fox and Mr. Lites are no longer associated with Brass Ring. In referring to the matter of liquor, he stated that it was a new subject to him and he was not "put off" by the arguments to authorize a full license with some control by the university on the use and location of these beverages. He stated that we should investigate further the issue of whether the university needs to exercise some control on those occasions calling for hard liquor.

Trustee Fischer asked Chairman Sims to divide the approval recommendation into two parts inasmuch as the decision to go forward for a full liquor license cannot wait another month especially if Brass Ring is to have a license by this summer. Once the full Class C liquor license is obtained, the university could then have its discussion as to the use of the license.

Mr. Fox stated that he would be very comfortable with this approach.

Chairman Sims stated this is the level of control the university needs rather than whether liquor should be served on any or all occasions.

After further discussion of the liquor license, Trustee Fischer clarified that, at this point, the distribution of liquor was not being approved and what was being approved was securing the full license.

Mr. Lites expressed his agreement with this statement.

Trustee Googasian raised the issue of personnel and inquired of Mr. De Carlo as to what would happen to the people who have been working with the Festival. Mr. De Carlo stated that this issue has to be resolved. He stated that we still have the Theatre operation and some responsibility for the Festival, and we will have to carry on our fund raising campaign. There will be a period of transition with discussions with Brass Ring to determine our respective staffing needs. Mr. De Carlo noted that at this particular time, we could not speak with great specificity as to the exact status of each employee. He added that we shall make every effort to utilize or transfer current employees. He noted, however, that we have a serious deficit and some terminations may be necessary.

In response to Trustee Patterson's inquiry as to how many people we are talking about, Mr. Stuart Hyke, Director Cultural Affairs, advised that there would be three or four.

There was a brief discussion on the volunteers involved in the Festival with Trustee Googasian acknowledging "they are part of the reason we are in existence." She stated that one of the things that encouraged her, was that Brass Ring recognized the importance of the volunteer effort and did not wish to displace, or in any way negatively influence, what they might do.

Mr. De Carlo stated that he did allude to that in his presentation, and Brass Ring was very positive about recognizing our need to continue our volunteer effort. He mentioned that the volunteers were needed to resolve the deficit problem and to expand the Festival and Theatre operation to our academic activities. In addition, while our new associates may be making some capital investments, we may have some improvements with respect to the Theatre. Mr. De Carlo concluded by stating that he did not intend to be a party to losing the volunteer effort. Mr. De Carlo advised that he had already talked with the current and past Chairs of the Meadow Brook Executive Committee, who indicated they are willing to work on the program and are enthused. They support this effort, and they see no reason to diminish their efforts with respect to raising funds on behalf of the Festival, the Theatre, and the university.

Chairman Sims noted the full discussion regarding this very important step for the university. In acknowledging the motion before the Board for approval of an agreement with Olympia Arenas Inc./Brass Ring Productions, he stated that the record would contain the sense of the agreement with respect to the university's rights on programming and the use of alcoholic beverages at the Festival.

Trustee Patterson, seconded by Trustee Chunovich, moved approval of the recommendation. The motion was voted on and unanimously carried. Trustee Fischer abstained from voting.

Authorization for a Closed Session to Discuss the Legal Opinion of Counsel on Pending Litigation

Chairman Sims stated that approval of a closed meeting is sought to discuss the legal opinion of counsel regarding pending litigation. Sections 8 (e) and 8 (h) of the Open Meetings Act provide that a public body may meet in a closed session for this purpose.

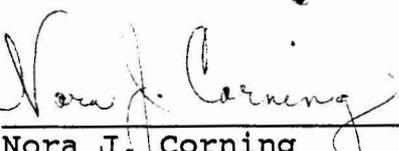
Mr. De Carlo then called the roll in order to determine Board approval for a closed meeting.

Larry Chunovich	<u>Yes</u>
Andrea L. Fischer	<u>Yes</u>
Phyllis Law Googasian	<u>Yes</u>
L. Brooks Patterson	<u>Yes</u>
Stephan Sharf	<u>Yes</u>
Howard F. Sims	<u>Yes</u>

The closed session was unanimously approved. Interim President De Carlo stated that the open meeting would adjourn at this time, and the closed meeting would be held in the Meadow Brook Room.

Trustee Patterson, seconded by Trustee Sharf, moved adjournment of the meeting at 4:20 p.m. The motion was voted on and unanimously carried.

Submitted,



Nora J. Corning
Administrative Assistant
Board of Trustees

Approved,



Howard F. Sims, Chairman
Board of Trustees