

**Minutes of the Meeting
of the
Oakland University Board of Trustees
February 4, 1999**

Present: Chairman David J. Doyle; Trustees Henry Baskin, David T. Fischer, Louis Grech-Cumbo, Ann V. Nicholson, and James A. Sharp, Jr.

Absent: Trustee Rex E. Schlaybaugh, Jr.

Also Present: President Gary D. Russi; Mr. David S. Disend, Dr. David J. Downing, Ms. LaShanda Evans, Ms. Susan Gerrits, Ms. Linda Hickmott, Ms. Rhonda G. Saunders, Ms. Lynne C. Schaefer, and Dr. Mary Beth Snyder

I. Call to Order

Chairman David J. Doyle called the meeting to order at 2:11 p.m. in the Gold Rooms of the Oakland Center.

II. President's Report

President Gary D. Russi reported the following information:

- Ms. Analya Callendar and Mr. Terry Heinz were recognized as the January and February Employees of the Month, respectively.

The campus has been very active with "African American Celebration" activities which will conclude with the February 18 "Keeper of the Dream" Awards Banquet. At that event, five \$5,000 scholarships will be awarded to OU students whose courage, imagination, and tenacity have served to break down cultural or racial stereotypes and promote interracial understanding.

Tuskegee Airmen Major General Lucius Theus and Captain Richard Macon were recognized for their heroism during World War II. They shared their experiences with the campus community as part of the African American Celebration.

The Vice President for Academic Affairs and Provost Search Committee has completed extensive interviews for the position, and a finalist will be chosen after evaluations of the candidates and consultations with the university community have been completed.

The School of Health Sciences Open House will be held February 5 at 4 p.m.

III. Reports

A. Report on Status of Enrollment

Dr. David J. Downing, Interim Vice President for Academic Affairs and Provost, reported that the 1999 winter official enrollment is up 2.5% overall, reflecting an increase in both headcount and FYES numbers. He noted that the winter term headcount is 13,628, and the increase represents the fifth consecutive winter term increase, attributed to a 15% undergraduate enrollment increase and 2% increase in the fall to winter retention rate. Dr. Downing stated that the latest FTIAC enrollment projection for the fall of 1999 continues to be very encouraging. He noted that the fall 1998 enrollment decrease was primarily from part-time students taking one course, while the 1% decrease in graduate enrollment is part of an overall national trend. Dr. William W. Connellan, Vice Provost for Graduate Studies, has been working to put new marketing and admissions programs into place to turn those trends around.

The Board thanked Dr. Downing for his report.

B. Status Report on Administrative Computing Implementation and Technology Performance

Dr. Downing stated that at its June 1997 meeting, the Board of Trustees authorized an expenditure of \$4.5M to purchase, install, and implement a new administrative computing system and to expand the university's fiber backbone computer network to support that system. He called on Mr. Ronald Cigna, Vice Provost for Information Technology, who made a power point presentation highlighting the progress of the technology initiatives, which include an Upgrade Campus Network (OUNet), SCT Banner2000 implementation, and Student Services improvements. In his report, Mr. Cigna explained the following measures taken to meet the project goals:

- The course catalog, course schedule, admissions module, purchasing, and fixed assets have been implemented on Banner and will go live next week.
- Wireless access to Banner from east campus was installed for the John Dodge House and Sunset Terrace via the network.
- The administrative and academic networks have been split, and each will be connected with a fire wall for high security.

- The modem pool for dial-in capabilities has been expanded from 166 to 244 modems.
- A prototype of the high speed academic network was created and will be tested soon.
- A new voice response system was installed on Banner and will be implemented for student production during the 1999 summer and fall registration.

Mr. Cigna also noted that over the next six months, the university plans to complete Banner implementation of the financial aid module, award letters, registration, student records, student billing, and payroll and benefits. The Banner processing capacity will be increased with an additional processor. The high-speed academic network will triple the university's capacity and it will be completed by the end of the fiscal year. Fortification of the production security will be completed, and the web products for Banner will be installed and implemented during the next fiscal year. Mr. Cigna reported that of the \$4.5M allocated for the project, \$3M will be utilized through the end of the fiscal year and \$1.5M will be used over the next two years. In summary, Mr. Cigna noted that the project is going very well, timetables are aggressive, campus processes are changing, campus participation is extensive, milestones are on schedule, and the budget is on target.

Trustee Baskin asked how Oakland is positioned with regard to other universities in terms of technology, and what other measures are planned for the future. Mr. Cigna replied that Oakland University is doing very well compared to other universities. He commented that he believes that administratively, implementing the Banner system was an excellent idea, both for technology reasons and for positioning the institution for the future based on available resources. He added that improvements are constantly needed in other areas such as the residence halls, where students need to be on-line, and that building the infrastructure will allow the university to address those needs.

Trustee Baskin questioned whether the administrative computing and technology budget is realistic and what the requirements are to remain competitive with other institutions. He was concerned about obsolescence and the capacity to stay current through the allocation of sufficient funds. Mr. Cigna stated that the current budget is sufficient to support the current projects, but not for long-term growth, since technology advances constantly and a recurring budget is needed to support those changes.

The Board thanked Mr. Cigna for his report.

C. Annual Affirmative Action Update

Ms. Sharon L. Abraham, Director of University Diversity and Compliance, reported on employment trends, goal attainment, minority vendor purchases, initiatives to change the culture, and action plans for the coming year. She noted that the workforce, defined as "full-time employees," is dictated by the government's requirement for affirmative action planning purposes. She noted that the report reflects employment trends in conformance with the 1995-2005 Strategic Plan. Ms. Abraham highlighted the following data:

Overall Workforce:

- The overall workforce increased 6.6%.
- Female representation increased from 52.4% to 54.6%.
- Minority representation increased from 18.7% to 20.7%.

Faculty:

- Faculty workforce increased by 8%.
- Female faculty increased from 30.4% to 34.1%.
- Minority faculty increased from 19.7% to 21.6%, with African Americans increasing from 14.4% to 14.7% and Hispanics, Asians, and Native Americans increasing from 6.7% to 6.9%.
- The most significant 1998 increase in one area was in the School of Engineering with 2 female faculty for a 12.5% increase.
- Of 30 new 1998 faculty hires, 22 or 73% were female and/or minority.

Staff Workforce:

- Staff workforce increased 5.8%, with a female increase from 63.9% to 65.6%, and a minority increase from 18.2% to 20.2%.
- In 1998, 126 new staff members were hired, with 63% being administrative-professionals, and females representing the largest percentage at 67%.

- Total female staff increased from 468 to 498.
- Total minority staff increased from 138 to 153.

Ms. Abraham reported that goals were set based on 38 groupings of employees with like characteristics, dictated by government affirmative action requirements and OU policy. Goals were met for females in three staff and two faculty groups and for minorities in five staff groups and one faculty group. Ms. Abraham commented that increasing female and minority representation continues to be a university focus, and that two ways it is addressed are through the division planning process and a University Senate task force.

Ms. Abraham stated that during 1998, Oakland spent approximately \$170,000 with both minority and female owned firms for various products and services. She noted that a continuous effort will be made to improve this initiative.

Ms. Abraham reported that the 1998 diversity initiatives included a panel discussion, sponsored by University Diversity and Compliance, Placement and Career Services, and campus organizations, where seven corporations were invited to campus to discuss diversity as a business imperative. The discussion was moderated by Emery King of WDIV Channel 4, and the question and answer session with the students was very successful. Another initiative included teaching English to non-English speaking Hispanic students in Pontiac.

Trustee Nicholson inquired whether Oakland is actively recruiting men for staff positions, since two-thirds of the staff are currently women. Ms. Abraham replied that the goal setting process looks at the overall workforce, and while the university might have a workforce that is two-thirds female, there are still other discipline-specific employee groups that remain under-represented.

Trustee Baskin asked if the base goals can be changed by the university to define the employee groups, and Ms. Abraham stated that the goals are driven by the Equal Employment Opportunity Commission, who has the option to audit the university to ensure those goals are met.

Trustee Sharp commended Ms. Abraham on her report and on the strides being taken to meet diversity goals. He stated that he was pleased that measures will be taken to improve the minority vendor expenditure effort.

The Board thanked Ms. Abraham for her report.

D. Treasurer's Report

Ms. Lynne C. Schaefer, Vice President for Finance and Administration, highlighted the following items in her Treasurer's Report:

Investments Update:

- Oakland's pooled cash investments return for the 1998 calendar year was 6.5%, due mainly to the use of intermediate fixed income investments for a portion of the pool. The fiscal year to date return is just over 3%, because of the impact of market fluctuations on the equity investment portion of the pool. In the long-term endowment pool, the Common Fund Multi-Strategy Equity Fund earned 14.3%, after fees for calendar year 1998, while the Multi-Strategy Bond Fund earned 10%. The allocation is currently at 66% in equities and 34% in bonds. The balance in the university's endowment fund as of December 31, 1998, was \$20.1M.

Enrollment Update and Impact on the Budget:

- The fiscal year 1998-99 budget, approved by the Board of Trustees last June, was based on an enrollment target of 10,624 FYES. While the fall enrollments were not as strong as anticipated, the winter enrollments have made up most of that ground. A projected increase in spring/summer enrollments will bring the university close to achieving the original enrollment target. A budget revision request will be presented at the March Board meeting for approval.

TRA 97 Compliance Procedures:

- The Taxpayer Relief Act of 1997 (TRA 97) provided two new tax credits, that took effect in 1998, to help families reduce out-of-pocket tuition and other expenses. The Hope Credit provides credit of up to \$1,500 for a student who is enrolled at least half time in one of the first two years of postsecondary education. The Lifetime Learning Credit provides credit of up to \$1,000 per year for a student taking courses, including graduate level work. For calendar year 1998, the university is required to report enrollment information to each student on Form 1098-T. Financial information is not required on the form for this year, but it may be required in future years. In order to handle that requirement, the university has contracted with a vendor to print and mail Form 1098-T with the student financial information, and to handle the filing of 1098-T information. The

vendor also provides students with individualized information via a website, and provides a toll-free customer service phone line.

SCT Banner Finance Modules:

- Implementation of the Finance modules of SCT Banner is on schedule. The modules for the General Ledger, Accounts Payable, and Grants went live last July. The Purchasing and Fixed Assets modules are expected to go live this month. The Human Resources and Payroll modules are making very good progress, and are scheduled to go live by July 1 of this year. Over the next year, a new chart of accounts and desktop preparation of purchase requisitions and journal vouchers will be implemented.

SRAC Swap Agreement:

- As part of the Student Recreation and Athletic Center financing, the Board authorized the university to enter into an interest rate swap agreement with Lehman Brothers for the period of August 1996 through August 1998. The agreement called for the university to pay a floating market rate for short-term tax exempts, based on the PSA Municipal Swap Index, on a nominal amount of \$37M. In exchange, Lehman Brothers agreed to pay the university a fixed rate of 4.15%. The index averaged 3.58% over the period of the agreement, and the university earned approximately \$400,000.

Trustee Baskin asked where the investment mix of 65% equities and 35% bonds was derived, and Ms. Schaefer replied that a Board policy established the mix, which is comparable to the investment mix of other universities. President Russi added that three years ago the Board went through a review process of university investments, which resulted in the amended policy. Ms. Schaefer stated that the university is happy with the performance of the Common Fund for endowments and NBD for cash pooled investments. Trustee Baskin asked about NBD's reciprocity efforts, and Mr. Disend stated that since the original NBD entity had a policy against making private charitable contributions to state-supported institutions, it was decided that NBD would support Oakland's auxiliary organizations. As a result, NBD has been very generous in sponsoring shows for Meadow Brook Theatre, offering volunteer support for auxiliary events, and allowing NBD executives to participate in a "Creating the Future" task force.

Trustee Sharp inquired about Oakland's Common Fund investments benchmarked against those of the OU Foundation (OUF). Ms. Schaefer stated that a comparison of

the equity portions for the past calendar year shows that the OUF equity earned 21%, while Oakland's earned 14.3%, as a result of the performance by one of the funds that the OUF invested in. The annualized returns for both the OUF and the University are at 16.7%.

Trustee Nicholson asked whether the TRA compliance expenditure was budgeted and if it will have to be budgeted in the future. Ms. Schaefer replied that one-time funds of \$40,000 were allocated for the vendor's services this year, but that the university is

awaiting a decision from Washington D.C. on whether universities will be held liable for the reporting process. President Russi added that national lobbying organizations are working on this issue on behalf of higher education because of the huge infrastructure cost it would impose.

Trustee Grech-Cumbo requested a peer institution report on investments for the next Investment and Finance Advisory Committee meeting.

The Board thanked Ms. Schaefer for her report.

E. Report on Michigan Universities Self-Insurance Corporation (MUSIC) for the Fiscal Year Ended June 30, 1998

Ms. Schaefer reported that MUSIC experienced tremendous growth in fiscal year 1997-98, and since its inception. An outside claims auditor was hired to identify further improvements. She noted that one significant event that occurred in June of 1998 was that Michigan State University withdrew from MUSIC. As a result, a transition task force was created, chaired by Ms. Catherine R. Lark, Director of Risk Management and Contracting, to deal with the effects of MSU's departure from MUSIC. The current MUSIC surplus is just over \$13M, and the Investment Committee is working with the actuary to develop a dividend distribution policy. Oakland is going to receive a \$39,000 dividend this year from MUSIC, for a cumulative total of over \$300,000. MUSIC bid out its external audit contract this year and selected KPMG Peat Marwick, who recommended that MUSIC shift to using Governmental Accounting Standards Board (GASB) principles instead of Financial Accounting Standards Board (FASB) principles. The property and liability programs continue to do well, and MUSIC has been able to declare dividends in all eight years of its experience.

Trustee Fischer asked why MSU chose to drop out of MUSIC and how it will impact MUSIC. Ms. Lark replied that the withdrawal will occur over a two-year period, and she is not totally certain how it will impact MUSIC. MSU will continue to participate in the

liability portion until July 1, 2000, but immediately withdrew from the property portion where the rates per \$100 of value went down for the other member institutions. That reduction was due to MSU having the largest single exposure in their power plant with the most building cost, and the fact that several MSU buildings are in a flood plain. Trustee Fischer asked if the fund is large enough to continue without MSU, and Ms. Lark replied that it is, especially since the other universities are all funding the same amount of money which lowers the exposure.

Trustee Nicholson asked why the MUSIC administrative costs have gone up 400% over the past 10 years. Ms. Lark stated that MUSIC had to purchase more services by hiring an investment consulting firm and had to change actuaries which raise administrative costs. In addition, the manager, Johnson and Higgins Marsh & McLennan, who is also MUSIC's broker, who used to earn their fee through insurance carrier commissions, is now charging MUSIC for that service.

Ms. Schaefer also reported an estimated annual savings of \$1.4M to Oakland University as a result of participation in MUSIC.

The Board thanked Ms. Schaefer for her report.

F. Status Report on Energy Services Agreement

Ms. Schaefer called on Ms. Susan M. Aldrich, Associate Vice President for Facilities Management, to report on energy savings experienced by the university during the Viron Energy Services construction phase. Ms. Aldrich stated that in 1997, Oakland contracted with Viron to construct numerous energy related projects and issued a 10-year \$8.6M bond financing for the project. The construction is now complete with the exception of some minor punch list and commissioning related items, which will be tested out when the air conditioning is reloaded. Ms. Aldrich noted that the project included replacement of all aging chillers and outdated refrigerants, addition of chillers for South Foundation and Hannah Halls, installation of new windows in several buildings, installation of new lights throughout the main campus, automation of the control system for better comfort and efficiency, and completion of \$4M of deferred maintenance. Ms. Aldrich stated that Viron performed the initial energy savings calculation, and Peter Basso and Associates, an independent engineer, along with in-house engineers, reviewed those calculations. Viron guaranteed approximately \$169,000 in savings during the construction period, and the calculated energy savings were \$336,985. The calculation methodology took the average of the baseline energy consumption over a two-year period, with weather factored out,

and compared that baseline to current energy consumption during the construction period. The buildings that were not in place when the project first began are not part of the savings calculation.

In response to a question raised by Trustee Baskin, Ms. Aldrich stated that the university is allocated \$300,000 annually from the general fund to help repay the bond debt, and then the energy savings that occur each year also go toward that debt payment. The ongoing guarantee of savings is a little over \$400,000 annually from Viron, so the \$169,000 in savings was just during the construction period. Ms. Schaefer added that over the 10 year bond contract period, if excess energy savings is realized, it will also be used for future energy conservation measures.

The Board thanked Ms. Aldrich for her report.

IV. Roll Call

Ms. Susan Gerrits, General Counsel and Secretary to the Board of Trustees, conducted a roll call vote. All Board members were present except Trustee Rex E. Schlaybaugh, Jr.

V. Appointment of Investment and Finance Advisory Committee Chair and Membership

Chairman Doyle announced the appointment of Trustee Ann V. Nicholson as the Chair of the Investment and Finance Advisory Committee. He stated that the committee membership also includes Trustees Grech-Cumbo, Schlaybaugh, and Sharp.

VI. Action Items

A. Consent Agenda

Chairman Doyle presented the following recommendations:

- 1. Approval of the Minutes of the Meeting of December 3, 1998**
- 2. Approval of the Minutes of the Board Retreat of January 25, 1999**
- 3. University Personnel Actions**

Dr. Downing submitted the following university personnel actions for Board approval:

New Appointments

Kontoghiorghes, Constantine I., Assistant Professor of Education, effective January 1, 1999 (\$41,280)

New Appointment Withdrawn

Dentcheva, Darinka M., Assistant Professor of Mathematical Sciences, effective January 1, 1999

Emeritus(a) Appointment

Blatt, Gloria T., Professor Emerita of Education, effective August 15, 1999

Brill, Max, Professor Emeritus of Psychology, effective February 4, 1999

Burdick, Harvey, Professor Emeritus of Psychology, effective January 1, 1999

Christina, Robert J., Professor Emeritus of Education, effective February 4, 1999

Fullmer, Daniel H., Professor Emeritus of Linguistics, effective February 4, 1999

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Hampton, Nigel, Professor Emeritus of English, effective August 15, 1999

Morse, Donald, Professor Emeritus of English, effective August 15, 1999

Rosen, Joan, Professor Emerita of English, effective August 15, 1999

Change of Status

Jaymes, William D., from Professor of French and Chairperson, Department of Modern Languages and Literatures, to Professor of French, effective January 1, 1999

Kidger, David M., from Instructor in Music, to Assistant Professor of Music, effective December 1, 1998 (\$39,188) (Supersedes previous Board action of December 3, 1998, which set a new academic year salary at \$38,500)

Mabee, Barbara, from Associate Professor of German, to Associate Professor of German and Chairperson, Department of Modern Languages and Literatures, effective January 4, 1999 through April 28, 1999

Papazian, Mary Arshagouni, from Associate Professor of English, to Associate Professor of English and Associate Dean, College of Arts and Sciences, effective January 1, 1999 (\$58,203)

Savage, Arline A., from Instructor in Accounting to Assistant Professor in Accounting, effective December 1, 1998 (\$78,000)

Slavin, Andrei N., from Professor of Physics, to Professor of Physics and Acting Chairperson of Physics, effective January 4, 1999 through June 26, 1999

Swift, Carol A., from Associate Professor of Education, to Associate Professor of Education and Acting Chairperson, Department of Human Development and Child Studies, effective January 4, 1999 through April 28, 1999

Wiggin, Jacqueline H., from Associate Professor of Music, to Associate Professor of Music and Acting Chairperson, Department of Music, Theatre, and Dance, effective January 4, 1999 through April 28, 1999

4. Recommendation to Accept Gifts and Grants to Oakland University and the Oakland University Foundation for the Period of November 1 through November 30, 1998, and Grants for the Periods of July through December 1998

Trustee Fischer, seconded by Trustee Sharp, moved approval of the consent agenda. The motion was unanimously approved by those present.

B. Resolution Honoring Dennis K. Pawley

Chairman Doyle presented the following recommendation:

WHEREAS, Trustee Dennis K. Pawley was appointed to the Oakland University Board of Trustees on August 14, 1996, by Governor John Engler; and

WHEREAS, Trustee Pawley resigned his office as Trustee on December 31, 1998, necessitated by a change in residence to Nevada; and

WHEREAS, the Board of Trustees wishes to recognize Trustee Pawley's service to Oakland University with dedication and distinction; and

WHEREAS, Trustee Pawley has always accepted appointments and assignments willingly on behalf of the university, expending many hours on his responsibilities; and

WHEREAS, Trustee Pawley has served as Chair of the Investment Advisory Committee, devoting his talent and time to sustaining quality at the institution; and

WHEREAS, Trustee Pawley has been a conscientious supporter of Oakland University as demonstrated in the positions he held as Vice Chair and Chair of the Meadow Brook Executive Committee, Oakland University Foundation Director, Vice Chair of the Community and Government Relations Committee and member of the Gift Development Committee of the Oakland University Foundation, and member of the "Creating the Future" Steering Committee; and

WHEREAS, Trustee Pawley has provided outstanding leadership through sharing innovative and effective strategies with Oakland University, such as the successful Faculty Internship Program between Oakland and DaimlerChrysler, and through sharing his expertise in the areas of Total Quality Management, problem solving, negotiations, consensus building, improved working relationships, labor relations, and expanded funding options; and

WHEREAS, Trustee Pawley has promoted Oakland University, his *alma mater*, whenever the opportunity arose, which improved community volunteerism; and

WHEREAS, Trustee Pawley and his wife, Carlotta, have generously donated gifts to Oakland University and encouraged other corporations and individuals to contribute to the university; and

WHEREAS, the Board of Trustees, President Gary D. Russi, and the entire university community are grateful to Trustee Pawley for his devoted service and wise counsel; now, therefore, be it

RESOLVED, that the Board of Trustees publicly expresses its deep appreciation to Trustee Dennis K. Pawley; and, be it further

RESOLVED, that Trustee Pawley be designated as Trustee Emeritus with all the attendant rights and privileges of this position; and, be it further

RESOLVED, that a copy of this resolution be provided to Trustee Pawley to convey the esteem in which he is held by the Board of Trustees, the President, and the university community; and, be it further

RESOLVED, that the Trustees extend to Trustee Pawley and his wife, Carlotta, their best wishes for happiness and the hope that they will continue their association with the university.

Trustee Fischer, seconded by Trustee Sharp, moved approval of the recommendation. The motion was unanimously approved by those present.

C. Delegation of Authority to Set Fees

Dr. Downing stated that at the December 1998 Board meeting, a report was presented on the delegation of authority to set fees. At the same meeting, the authorization for such delegation was extended for a two-month period with the understanding that the university would return with a recommendation on the delegation of authority to set fees.

Dr. Downing submitted the following resolution to the Board for approval:

RESOLVED, that with respect to fees to be assessed for credit instruction in the limited circumstance described below, the President be authorized, (1) to modify the amount of any existing standard Board-approved fee; (2) to determine that any standard Board-approved fee is not applicable; and (3) to establish an additional fee or fees; and be it further

RESOLVED, that this delegation of authority shall be limited to the following circumstance:

In the case of a self-supporting credit course or a self-supporting group of credit courses customized to meet the needs of and offered for a business, government, or non-profit entity; and be it further

RESOLVED, that in taking any such actions on fees, the President shall be guided by the need to link university costs with fees assessed in a fair and equitable manner and the need to make the university's credit offerings accessible to students; and be it further

RESOLVED, that the President report to the Board on an annual basis the impact of this delegation of authority to set fees.

Trustee Sharp, seconded by Trustee Grech-Cumbo, moved approval of the recommendation. Trustee Grech-Cumbo thanked President Russi for the numerous discussions on this issue and stated that he supports the Board action. The motion was unanimously approved by those present.

D. Approval of Request to Establish a Program Cost for Executive MBA in Health Care Management

Dr. Downing stated that the Executive MBA in Health Care Management has been designed to provide health care professionals with an understanding of the management concepts and skills that will assist them in effectively managing in the health care industry. The program, planned in consultation with an advisory board of health care executives, is geared towards physicians and health care administrators who wish to gain a strong understanding of the operational and strategic management issues in their industry. The School of Business Administration (SBA) already offers a MBA, and the proposed Executive MBA is a refinement of existing offerings with additional new courses tailored for the specialized needs of the target student population. The programmatic aspects of the proposal have been reviewed and approved by the Faculty Assembly of the SBA and by the university's Graduate Council, and will be taken to the University Senate in February. SBA will initiate the program in the 1999-2000 academic year, with courses offered on-site at Beaumont Hospital in Troy. Upon completion of the new Business and Technology Building, the program will be offered in Oakland's

new Executive Education Center. SBA is proposing that the program be offered for an all-inclusive cost of \$30,000 (\$15,000 per year).

Dr. Downing called on Dr. John C. Gardner, Dean of SBA, to comment on the program. Dr. Gardner stated that, with the changes in health care administration over the last 10 years, there is an ongoing need for MBA programs of this nature. The competitiveness of such programs has opened up a more viable opportunity for schools of business and management to address the need. Dr. Gardner noted that an advisory group of 25 health care administrators was created to help orchestrate this program. The group consists of CEOs of major health care organizations like St. Joseph's, Genesys, HAP, SelectCare, and St. John's Health System - William Beaumont Hospital. Dr. Gardner added that Oakland is very fortunate to have faculty who already do research and teach in health care. Every course will be team-taught by Oakland faculty and senior health care administrators. There are only six other Executive MBA Health Care programs in the country, and most of them have been developed over the last several years. Dr. Gardner stated that the group is very comfortable with the proposed \$30,000 program cost, which is comparable to that of similar institutions.

Dr. Downing submitted the following resolution to the Board for approval:

RESOLVED, that the Board of Trustees authorize an initial cost for the Executive MBA in Health Care Management of \$30,000 (\$15,000 per year), effective with the fall, 1999 semester.

Trustee Fischer, seconded by Trustee Baskin, moved approval of the recommendation. The motion was unanimously approved by those present.

E. Approval of Public School Academy Board Members

The Board decided to take the following four recommendations in aggregate.

Dr. Downing stated that Board policy requires that the university approve the method of selection, length of term, and number of members of the Board of Directors for public school academies (PSA). Consistent with that policy, the university is recommending the approval of six new Board members for four of the current PSAs. Dr. Downing noted that due diligence and appropriate background checks have been conducted on all individuals nominated by the respective PSAs.

Dr. Downing submitted the following resolutions to the Board for approval:

1. Dove Academy

WHEREAS, the Board of Trustees resolved to charter Dove Academy on February 6, 1997; and

WHEREAS, the Board of Trustees entered into an Agreement to Organize and Administer a Public School Academy with Dove Academy on July 18, 1997; and

WHEREAS, the Agreement to Organize incorporates Dove Academy's Articles of Incorporation which provide for an appropriate method of approval of persons nominated to its board of directors, by the Oakland University Board of Trustees; and

WHEREAS, Dove Academy has nominated Catherine Conley-Jackson and John Estes to replace Felicia Palmer and Pamela Lee, respectively, for the unexpired portion of their two (2) year terms on its board of directors; and

WHEREAS, Catherine Conley-Jackson's and John Estes's qualifications have been reviewed by and are acceptable to the University.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Catherine Conley-Jackson and John Estes meet the requirements of the Board and applicable law.
2. The Board hereby approves Catherine Conley-Jackson and John Estes as members of Dove Academy's Board of Directors, each for the unexpired portion of two (2) year terms.
3. All resolutions and parts of resolutions in conflict with this resolution shall be and hereby are rescinded to the extent of such conflict.

2. Elbert Thomas Clark Academy

WHEREAS, the Board of Trustees resolved to charter Elbert Thomas Clark Academy on August 30, 1996; and

WHEREAS, the Board of Trustees entered into an Agreement to Organize and Administer a Public School Academy with Elbert Thomas Clark Academy on October 12, 1996; and

WHEREAS, the Agreement to Organize incorporates Elbert Thomas Clark Academy's Articles of Incorporation which provide for an appropriate method of approval of persons nominated to its board of directors, by the Oakland University Board of Trustees; and

WHEREAS, Elbert Thomas Clark Academy has nominated Willie Talley and Velencia Hughes to replace Greg Smith and Tyrone Settles, respectively, for the unexpired portion of their two (2) year terms on its board of directors; and

WHEREAS, Willie Talley's and Velencia Hughes's qualifications have been reviewed by and are acceptable to the University.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Willie Talley and Velencia Hughes meet the requirements of the Board and applicable law.
2. The Board hereby approves Willie Talley and Velencia Hughes as members of Elbert Thomas Clark Academy's Board of Directors, each for the unexpired portion of two (2) year terms.
3. All resolutions and parts of resolutions in conflict with this resolution shall be and hereby are rescinded to the extent of such conflict.

3. Weston Technical Academy

WHEREAS, the Board of Trustees resolved to charter Weston Technical Academy on April 2, 1998; and

WHEREAS, the Board of Trustees entered into an Agreement to Organize and Administer a Public School Academy with Weston Technical Academy on August 13, 1998; and

WHEREAS, the Agreement to Organize incorporates Weston Technical Academy's Articles of Incorporation which provide for an appropriate method of approval of persons nominated to its board of directors, by the Oakland University Board of Trustees; and

WHEREAS, Weston Technical Academy has nominated Theresa Armstrong for a one (1) year term on its board of directors; and

WHEREAS, Theresa Armstrong's qualifications have been reviewed by and are acceptable to the University.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Theresa Armstrong meets the requirements of the Board and applicable law.
2. The Board hereby approves Theresa Armstrong as a member of Weston Technical Academy's Board of Directors for a one (1) year term.
3. All resolutions and parts of resolutions in conflict with this resolution shall be and hereby are rescinded to the extent of such conflict.

4. Edison Public School Academy

WHEREAS, the Board of Trustees resolved to charter The Edison Public School Academy on February 6, 1997; and

WHEREAS, the Board of Trustees entered into an Agreement to Organize and Administer a Public School Academy with The Edison Public School Academy on March 13, 1998; and

WHEREAS, the Agreement to Organize incorporates The Edison Public School Academy's Articles of Incorporation which provide for an appropriate method of approval of persons nominated to its board of directors, by the Oakland University Board of Trustees; and

WHEREAS, The Edison Public School Academy has nominated Althea Bell for a one (1) year term on its board of directors; and

WHEREAS, Althea Bell's qualifications have been reviewed by and are acceptable to the University.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Althea Bell meets the requirements of the Board and applicable law.
2. The Board hereby approves Althea Bell as a member of The Edison Public School Academy's Board of Directors for a one (1) year term.
3. All resolutions and parts of resolutions in conflict with this resolution shall be and hereby are rescinded to the extent of such conflict.

Trustee Nicholson, seconded by Trustee Sharp, moved approval of the recommendations. Trustee Grech-Cumbo inquired about the PSA oversight process, and Ms. Angelete M. Melhado, Director of Urban Partnerships and PSAs, replied that the university has a thorough screening process for PSA board members. In addition to the due diligence and conflict of interest checks, Ms. Melhado stated that she interviews each prospective board member to ensure that they understand what their responsibilities are with regard to policy making, fiscal accountability, and community issues such as Freedom of Information Act and Open Meetings Act compliance. Ms. Melhado added that on-site investigation of PSA compliance with state reports and statutes are also conducted. She stated that the university is currently involved in a very lengthy comprehensive assessment process that will take at least seven months to complete. A moratorium on new applications is in effect to allow the Public School Academy Advisory Review Committee (PSAARC) to effectively evaluate each of the current eight schools.

Trustee Grech-Cumbo asked if the charter school contracts include a due diligence clause where they are sufficiently allowed to "cure" their problems prior to separation determinations. President Russi asked PSAARC member and Assistant General Counsel, Mr. Victor A. Zambardi, to respond to that question. Mr. Zambardi stated that each contract has slightly different but consistent due diligence provisions for cure. He added that the provisions offer sufficient opportunity for the PSAs to correct any problems that occur; however, the contracts also offer the option to the university to sever the relationship without harming any of the charter school students, if those problems are not sufficiently cured.

The motion was unanimously approved by those present.

F. Approval of Restructuring the Registration/Billing/Collections Process at Oakland University

Ms. Schaefer highlighted the history and purpose of this proposal, noting that it originated with the Tuition and Fees Committee (TFC), a university-wide committee that reviews university policies regarding tuition and fees. She stated that the proposal was unanimously supported by the President, Cabinet, and Student Congress. Ms. Schaefer stated that in 1992, the TFC decided to review the university's processes to register students, bill students, and collect student accounts. The committee also reviewed the university's practice of canceling student registrations for those who had not paid their bill by the registration due date. The concern dealt with the effect the process was having on enrollment and on the relationships with students. For unpaid bills, the university would automatically cancel those registrations, and approximately 90% of those students ended up registering again, thus creating a huge workload for the university and aggravation for the students. Some other negatives of the system are that it discourages early registration, discourages registration when the students' finances are questionable, is incompatible with Oakland's plans for non-standard term courses, and could make students ineligible for financial aid. Ms. Schaefer stated that the proposed process provides an incentive for students to pay their bills on time by implementing a 1 ½% per month late fee charge. If they do not pay by the end of the semester, they are not allowed to register for the following semester until they do pay. Ms. Schaefer commented that this method is a good balance between ensuring that students pay their bills in a reasonably timely way and by recovering the administrative costs incurred.

Ms. Schaefer submitted the following resolution to the Board for approval:

WHEREAS, the university desires to provide an educational environment designed to assure the success of students both financially and academically in their pursuit of education at the university; and

WHEREAS, the university desires to balance the aforementioned goal with its need for sound fiscal policy; now, therefore, be it

RESOLVED, that university administration replace the current practice of canceling student registrations just after the payment due date with a late fee of 1 ½% of the outstanding balance owed by the student at the end of each month. This change in practice shall be implemented for the Summer 1999 term or as soon thereafter as possible.

Trustee Nicholson, seconded by Trustee Fischer, moved approval of the recommendation.

Trustee Baskin expressed concerns about this recommendation, noting that he disagreed with charging what essentially amounts to an "18% interest annually" on unpaid tuition, which serves to penalize students for non-payment. He inquired about what peer institutions are doing and was informed that comparable measures are being taken at other Michigan institutions. There was a lengthy discussion on this proposal, which included the following points:

- It is unfair to those students who pay their bills on time, if no process is adopted to enforce payment from those students who do not pay on time.
- Approximately 1,300 students did not meet the payment requirements during the current winter semester.
- The university needs an effective registration/billing/collections method for efficient business operations, since tuition is 50% of the budget.
- The university experiences a 7% fall to spring attrition rate and a 25% attrition rate from the freshmen to sophomore year.
- The default rate over the last several years amounts to approximately \$200,000, which would increase without an incentive in place for students to pay.
- The university is committed to increasing its counseling measures to assist students in managing their finances in an effort to improve student payment.

Trustee Fischer suggested accepting the proposal with an amendment to review its impact and utilization in 12 months. Trustee Sharp suggested a friendly amendment to the recommendation that it be approved with "sunset" provisions to discontinue after 12 months.

Ms. Hickmott asked that the student liaisons and other student leaders be allowed the opportunity to review the proposal prior to a vote by the Board.

Trustee Baskin moved to table the recommendation until additional information is provided to the Board on the non-payment default rate.

Trustee Sharp moved to table the recommendation until the March Board meeting for a reinvestigation of the impact of the process.

In response to a question on the impact of a delay of this item, Ms. Schaefer stated that if the Board approves the process at a subsequent meeting, Banner implementation will be delayed until the 1999 fall term and cancellation of registrations will be extended during that period.

The original motion to approve the recommendation, with the amendment to include a sunset provision after 12 months, failed by a vote of three affirmative votes and three negative votes. Trustee Baskin requested that the recommendation be brought back for consideration at the March Board meeting, with additional information on the default rate and also information on the billings/collections processes at other institutions.

G. Approval of Elimination of the Late Add Fee

Ms. Schaefer stated that the TFC has also recommended that the university discontinue the practice of charging a \$10 late fee when students add a course following the registration period. Since the base Banner package is not capable of charging a late add fee, it was determined that the fee should be eliminated. Ms. Schaefer noted that the late add fee generates very little revenue, and that the cost to reprogram the Banner system and collect the fee would be much greater than the revenue received.

Ms. Schaefer submitted the following resolution to the Board for approval:

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WHEREAS, the university desires to provide an educational environment designed to assure the success of students both financially and academically in their pursuit of education at the university; and

WHEREAS, the university desires to balance the aforementioned goal with its need for sound fiscal policy; now, therefore be it

RESOLVED, that university administration discontinue the practice of charging the Late Add Fee.

Trustee Baskin, seconded by Trustee Fischer, moved approval of the recommendation. The motion was unanimously approved by those present.

VII. Discussion of March 4, 1999, Board of Trustees Meeting Agenda

The Board reviewed the March 4, 1999, proposed agenda, and Trustee Fischer requested additional information on the Master Planning Process and the

Restructuring of the Registration/Billing/Collections Process prior to distribution of the Board binders. Trustee Baskin noted that the collections process item should be added to the March agenda.

The student liaisons invited the Board to attend a "Getting to Know Your Board of Trustees" luncheon on April 1, from 12:00 noon to 1:30 p.m., in the Oakland Center, prior to the Board meeting.

VIII. Other Items that May Come Before the Board

Trustee James A. Sharp, Jr. commented that he was not aware that Tuskegee Airmen Major General Lucius Theus and Captain Richard Macon were going to leave the meeting so abruptly, because he had planned to offer some words of appreciation to them. Trustee Sharp commended the men for sharing their historical point of view with the students, and he expressed appreciation for their personal and organizational accomplishments during World War II. He recognized the honorable efforts of Major General Theus and Captain Macon, which bring tremendous credit upon them and the Tuskegee Airmen organization. Trustee Sharp saluted them for "their efforts over the years to keep patriotism alive in this country and for being walking, living examples of people who made extreme sacrifices at a time when they did not enjoy full and equal citizenship, but who managed to survive against all odds."

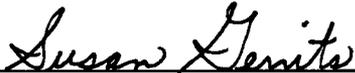
Chairman David J. Doyle stated that the whole Board joins Trustee Sharp in saluting Major General Theus and Captain Macon for their patriotism and service. Trustee Louis Grech-Cumbo asked Ms. Susan Gerrits, General Counsel and Secretary to the Board of Trustees, to incorporate the Board's comments in a letter to Major General Theus and Captain Macon. Ms. Gerrits stated that she would be pleased to forward the Board's appreciation to them.

IX. Adjournment

Trustee Grech-Cumbo, seconded by Trustee Fischer, moved adjournment of the meeting. The motion was unanimously approved by those present. The meeting adjourned at 4:45 p.m.

Submitted,

Approved,



Susan Gerrits
General Counsel and
Secretary to the Board of Trustees

David J. Doyle
Chairman