

Minutes of the Special Formal Meeting  
of the  
Oakland University Board of Trustees  
September 11, 2002

**Present:** Chair Ann V. Nicholson, Trustees Henry Baskin,  
Penny M. Crissman, David J. Doyle, David T. Fischer, and  
Rex E. Schlaybaugh, Jr.,

**Absent:** Trustees Linda S. Hotchkiss and Dennis K. Pawley

**Also Present:** President Gary D. Russi; Vice Presidents Susan Goepp,  
Lynne C. Schaefer and Mary Beth Snyder; Interim Vice President  
Virinder K. Moudgil; General Counsel and Secretary to the Board of  
Trustees Victor A. Zambardi and Assistant Rhonda G. Saunders;  
and Student Liasons David M. Jewell and Rhonda R. Hanna.

**I. Call to Order**

Chair Ann V. Nicholson called the meeting to order at 2:06 p.m. in the Auditorium of the Elliott Hall of Business and Information Technology. She made the following comments:

We're meeting today one year after the September 11 disaster. As you know, the work of America is done by the people in this room and your counter-parts all over the country, but we are all pausing today in remembrance of that day. Today is kind of an ordinary meeting for us, but it's a very extraordinary day. Many will use today for thoughtful reflection on their own lives and their own efforts to promote peace in the world and security here at home, but this is also a day when we need each other. We have had many opportunities on campus to come together over this event. For those who like to discuss, there was a panel yesterday on reflection of the last year and there will be a panel tomorrow about both homeland and Oakland University security. There was a beautiful remembrance ceremony this afternoon that was very touching and gave all of us pause for thought. This evening the campus ministries is also sponsoring an opportunity for reflection, and later this evening there will be a vigil in the Fireside Lounge. The quintessential thing in America is action, and our student body is holding a voter registration drive, which is so fitting, and there is also a blood drive going on this week. A moment of silence hardly does justice to the scale of this occasion, but it is a symbol of our respect for the lives lost and for the family and friends still trying to cope, so if we could pause for a moment before continuing. Thank you.

**11. Roll Call**

Mr. Victor Zambardi, General Counsel and Secretary to the Board of Trustees conducted a roll call. All of the Board members were present except Trustees Linda S. Hotchkiss and Dennis K. Pawley.

**III. Action Items**

**A. Report of the Nominating Committee and Selection of the Chair and Vice Chair of the Board of Trustees**

Chair Nicholson added this item to the agenda at this time. She stated that, in accordance with Board policy, she appointed a Nominating Committee consisting of Trustees David J. Doyle, David T. Fischer and Rex E. Schlaybaugh, Jr. for recommendation on the Chair and Vice Chair of the Board of Trustees for the 2002-2003 fiscal year. Trustee Fischer reported that the committee recommended, and he would like to move for approval, the nomination of Trustee Henry Baskin as Chair and Trustee Penny M. Crissman as Vice Chair. Trustee Doyle seconded the motion. The motion was unanimously approved by those present.

Trustee Baskin thanked the Board and commented that serving on the Board the past six years has been very interesting and that he has been completely amazed and proud of the campus growth, development, and accomplishments. Trustee Baskin stated that there is no new agenda, but a continuing growth mentality, both internally and externally, and a dedication to quality and the students, the faculty and the administration's policies. He complimented Trustee Nicholson for her devotion to the health and welfare of the institution over the past two years as Chair of the Board of Trustees.

**B. Approval of Ancillary Activities Operating Budget for the Fiscal Years Ending June 30, 2003, 2004, and 2005**

Chair Nicholson called on Ms. Lynne C. Schaefer, Vice President for Finance and Administration, to present this item. Ms. Schaefer stated that the administration is seeking Board approval of fiscal year 2003 budgets and conditional approval of the 2004 and 2005 budgets. She noted that the budgets now include actual budget results for fiscal year 2002 which accurately reflect the fund balances in the ancillary activities at year-end versus the projected results submitted at the July Working Session. Ms. Schaefer called on the following directors to highlight their budgets:

**University Housing**

Ms. Eleanor Reynolds, Director of University Housing, presented the following University Housing (UH) budget highlights:

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- Occupancy in the halls has increased for four consecutive years, allowing for additional facility improvements and service enhancements.
- Facility improvements include new windows in Anibal and Fitzgerald Halls, carpet replacement and new floor lounge furniture in Vandenberg Hall, shower stall replacement in Hamlin Hall, and new privacy fences at Matthews Court Apartments.
- Service enhancements include replacement of equipment in the student computer lab, increasing computer lab hours, installing a wireless network helpdesk, and providing newspapers for residents.
- The increased occupancy for 2002 resulted in a budget surplus of \$311,320.
- The 2002-2003 proposed budget reflects a room and board rate increase of 5.5%. Projected revenue for this budget is based on an anticipated occupancy level of about 80% and projected expenses are based on increases in compensation, insurance, utilities and food service.
- The proposed budget includes the new student apartment complex, which is projected to generate approximately \$2.5 million in revenue based on 92% occupancy; however, current occupancy is already at 94%. With expenditures estimated at \$2.4 million, including debt service, a surplus of \$60,000 is projected for the first year of the student apartments.
- A report will be presented to the Board at the January 8, 2003 working session on the financial status of the new apartment complex.
- UH's current reserve balance is \$1,010,071, funded from yearly operating dollars and year-end surpluses. The minimum financial goal for the reserve is 2% of the replacement value of the halls, which is \$864,000. With the new apartment complex valued at \$21 million, the reserve goal is increased to \$1,284,000.

Trustee Crissman stated that 94% occupancy in the student apartments is wonderful, and she asked what the occupancy is in the residence halls. Ms. Reynolds replied that they are currently at 76%, but she anticipates that it will be approximately 80% as budgeted.

Trustee Fischer asked if the residence halls were re-priced based on lower occupancy, and Ms. Reynolds replied that the rate was kept as low as possible based on the debt payment and apartment-style pricing at other state institutions, such as Eastern Michigan University and Grand Valley State University.

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Trustee Doyle asked how many students are currently living on campus, and Ms. Reynolds replied that approximately 1,600 students live on campus.

**Meadow Brook Health Enhancement Institute**

Dr. Ronald E. Olson, Dean of the School of Health Sciences, presented the following Meadow Brook Health Enhancement Institute (MBHEI) budget highlights:

- Last year's budget projection of a 20% increase in business was not met despite marketing efforts.
- A person was hired for September and October to sell health assessments to corporations at an ambitious goal of 30% more business.
- Dr. Olson is to report on sales and continuation of the program at the November 6, 2002 Working Session.
- MBHEI has a strong positive relationship with St. John's Health System, which includes a contract for a Director of Operations this year.
- In order to do a really positive business, MBHEI should be doing 64% more business, but the goal this year is 30% more business. Expenses have been cut as much as possible, and the budget proposes a modest increase for 2002-2003.

Trustee Baskin asked if the 2002 actual budget revenue of \$410,765 could be maintained without this aggressive sales campaign. Dr. Olson responded that it could not.

Chair Nicholson inquired if the facility rental income is significant and whether it could be increased. Dr. Olson replied that in the past the MBHEI realized approximately \$25,000 in net revenue from facility rental income. However, he noted that this last year it only realized \$3,000, and that \$10,000 is being projected for 2003. Dr. Olson stated that one reason for the decline is cancellations after the facility is reserved for events. Dr. Olson added that he believes it is possible to make as much as \$35,000 in rental income.

Chair Nicholson asked how integral MBHEI is to the Health Sciences academic program. Dr. Olson stated that Exercise Science and Nursing students participate in some sort of activity over at the MBHEI as part of a learning experience. In addition, a couple of research projects are being conducted with MBHEI. He added that Health Sciences would have to find other facilities for these students to receive those experiences if MBHEI was not available.

Ms. Peggy S. Cooke, Director of Auxiliary Services, presented the following Meadow Brook Music Festival (MBMF) budget highlights:

- The budget reflects a continued partnership with Palace Sports and Entertainment with a successful year that included approximately \$3,000 in additional revenue versus what was presented in the projected actual in July.
- The cornerstone of the season was 15 performances by the Detroit Symphony Orchestra over 5 weekends.
- The season also offered food and wine, arts, and bluegrass festivals, along with family and children's shows.
- There was a one-time payment to fund Grandparent's Day through the cultural coalition of Southeastern Michigan on behalf of Meadow Brook Theatre and Meadow Brook Hall.

Trustee Schlaybaugh asked why the Grandparent's Day payment falls under supplies, and Ms. Cooke replied that it is essentially a payment out of the fund balance and not an operational activity.

Trustee Doyle asked if the payment is a charitable donation, and Ms. Cooke stated that it is actually funding some of the activities of the cultural coalition that Meadow Brook Theatre and Meadow Brook Hall are included in, along with 17 other cultural institutions in southeastern Michigan.

Trustee Schlaybaugh inquired if the MBMF has a reserve, and Ms. Cooke replied that it does not since the Palace is responsible for all repairs, maintenance, and upkeep of the buildings over and above the lease payment. She noted that when the contract was first entered into there was significant payment and upgrade of the capital facilities by the Palace.

Trustee Baskin asked if the Palace has been cooperative and if Ms. Cooke is satisfied with the arrangement. Ms. Cooke replied that the University has a very good working relationship with the Palace, and that the University only deals with administrative-type issues in terms of ticketing and seating. She added that there have been no problems with the Palace in terms of payments or reimbursements of payments.

Trustee Crissman asked about the overall MBMF sales and attendance, and Ms. Cooke responded that they have been fairly consistent over the last few years and that the Palace appears to be satisfied with the results and with their relationship with Oakland University.

Meadow Brook Theatre

Ms. Cooke presented the following Meadow Brook Theatre (MBT) budget highlights:

- The budget actuals compared to the projected actuals shows a deficit of about \$28,000, versus a projected loss of \$150,000, due to some additional gifts, and the reconciliation of some of the expenditures.
- The subscription revenue last year was less than budget, but it was offset by higher box office revenue in individual tickets and group sales and better monitoring of expenses.
- The budget for 2003 is an ambitious budget with some very high sales and development goals. The 2003 season still has seven productions, including The Shaw Festival production of Candida by George Bernard Shaw and two shows running at the same times - Romeo and Juliet, targeted for high school students, and Meshuggan Nuns.
- The season subscriptions are looking good this year with 7,500 subscriptions sold. One of the most critical elements for the theatre this year is the Proposal K ballot initiative for Arts, Parks and Kids, which would benefit MBT by \$630,000.

Trustee Schlaybaugh inquired about the status of gift and grant income through the first two months of the fiscal year.

Ms. Cooke noted that MBT has currently reserved around 25% of the goal in pledges, and that quite a few proposals are out for corporate sponsorship.

Graham Health Center

Ms. Nancy A. Schmitz, Director of University Health and Counseling Center, presented the following Graham Health Center (GHC) budget highlights:

- Funding for the GHC comes from two primary sources: revenue generated through service to patients and student fee dollars.
- The GHC finished the 2001-2002 fiscal year on a positive note with patient income exceeding the proposed budget by \$3,650 for an overall net amount of \$1,080.
- The GHC currently operates with a nurse practitioner model and two nurse practitioners.

- Consulting physicians are present in the clinic four hours a week during which time they do chart review, professional development for the nurse practitioners, and see patients who are out of the scope of practice of the nurse practitioners.
- The physicians and one of the two nurse practitioners are beginning their fourth year at the GHC, which has significantly contributed to the stability of the GHC.
- Every year the University offers a student health insurance policy through Collegiate Risk Management, at a current cost of \$796, and international students are required to purchase either this policy or a comparable policy while they are studying in the United States. Last year a total of 471 students took advantage of that insurance plan.
- The GHC also has a dispensary for students who are treated at the center, and, because there is no middle person and the formulary is carefully designed, the GHC is able to treat students in a cost-effective manner whether or not they have insurance.
- No designer drugs are dispensed at the GHC.
- Last year the GHC had a total of 3,924 patient visits.
- The GHC is open 51 weeks of the year and on a Monday through Friday basis.
- The GHC, in conjunction with the University Counseling Center, has been successful in identifying a psychiatrist who is on campus six hours a month to do psychiatric evaluations and medical reviews for students who may be uninsured or underinsured. Referrals to this psychiatrist are made from either the physician, the nurse practitioner, or one of the psychologists in the Counseling Center.

Trustee Schlaybaugh asked how many students were seen out of the 3,924 patients last year, and Ms. Schmitz responded that approximately 85% to 90% were students, with the balance being faculty, staff, or for episodic purposes.

Trustee Baskin asked for a comparison of the GHC with emergency care facilities in the area. Ms. Schmitz stated that the GHC has the same ability to treat and diagnose patients, but it does not have x-ray, CAT scan, or ultrasound equipment, which means that in some cases referrals to local hospitals have to be made. Trustee Baskin also asked if there is any equipment that would be more advantageous to the University than sending people to local hospitals.

Ms. Schmitz replied that space and the initial investment in those pieces of equipment are deterrents to pursuing additional equipment.

Trustee Baskin asked Ms. Schmitz to rank the GHC with the same facilities at similar universities, and she replied that it would fall in the middle tier, with the ability to treat and manage many health conditions that students have, such as asthma.

Trustee Baskin asked if the increase in student residency population on campus is considered in the projections, and Ms. Schmitz stated that they were and the University is hopeful that the numbers are going to increase with the apartments and that the addition of another nurse practitioner 20 or 30 hours a week would be a great addition to the GHC to accommodate that increase.

Trustee Crissman inquired about where students go for care on the weekends, and Ms. Schmitz replied that they are referred to a number of urgent care centers in the area.

Trustee Fischer asked for an explanation of the student fee revenue, the operating income, and retail sales lines in the budget. Ms. Schmitz responded that the student fee revenue consists of monies from the student fees that are allocated by the University in a lump sum to GHC; the operating income consists of payments for patient services; and the retail sales is from the sale of medications.

### **Lowry Early Childhood Center**

Ms. Christine Boisvert, Director of the Lowry Early Childhood Center, presented the following Lowry Early Childhood Center (LECC) budget highlights:

- The projected 2002-2003 budget operating revenue of \$714,119 reflects the fact that the new facility has the capacity to hold six classrooms, with the sixth classroom possibly opening in 2003-2004.
- The tuition fees have been restructured to reflect the LECC mission and goals, in line with the School of Education, through charging by the program rather than by the hour.
- Total projected expenses for 2002-2003 are \$713,539.
- Almost all of the head teachers have Master's degrees and are working towards Doctorate degrees, which supports the higher prices compared to those of daycare centers that generally require staff to have a high school degree with a few early childhood courses.

- The actual 2001-2002 ending equity balance was \$110,630, versus the projected \$98,922.

Trustee Fischer asked how the LECC will obtain the \$713,539 in revenue this year, and Ms. Boisvert replied that it will be obtained through the addition of more classrooms. She noted that the LECC is now licensed for 150 students at any one time in the new facility, versus 90 students in the old facility. Ms. Boisvert added that the budget is planned based on 85% enrollment and that 129 families are currently enrolled.

Trustee Baskin asked who provides the qualitative oversight for this facility, and Ms. Boisvert replied that she is basically responsible for the oversight. She added that the State of Michigan Department of Regulatory Services licenses the LECC and that it is accredited by the National Association for the Education of Young Children.

Chair Nicholson inquired about the LECC's efforts to have a diverse student body to enhance the experience of Oakland University students who observe and teach in the LECC. Ms. Boisvert stated that the LECC has significant diversity as far as ethnicity is concerned, with as many as seven different languages being spoken; however, racial diversity has not been as easy to obtain. She noted that the LECC is working on efforts to improve racial diversity. For example, last year a grant was written, called the Child Care Means Parents In School Grant, to offer a sliding scale fee that the government will subsidize for low-income parents who want to stay in school but who do not have a place to put their young children while they complete their education.

President Gary D. Russi asked for a description of the actual connection that the LECC has with the students in the School of Education and Human Services. Ms. Boisvert commented that one of the LECC's strongest connections occurs in the summer program where the Master's students in the Early Childhood Education program complete their practicum work with the LECC. In addition, the School of Education teacher candidates are required to complete many hours of experience with children and they are offered that experience at the LECC. Ms. Boisvert noted that the LECC also partners with faculty for research and hires students in connection with the Psychology Department, Human Resources Department, Music, Theatre and Dance Department, and the School of Nursing. She added that many students also volunteer to assist at the LECC.

### **Oakland Center**

Mr. Richard D. Fekel, Director of the Oakland Center, presented the following Oakland Center (OC) budget highlights:

- The OC's success is measured by usage of its facilities.

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- A pedestrian count of individuals entering the OC is conducted annually along with usage of the meeting room facilities. On February 19, 2002, 7,095 individuals entered the OC between the hours of 7 a.m. and 11 p.m.
- On busy days, approximately 10,000 people are served in the OC.
- Last year the OC hosted 6,000 meetings with 220,000 attendees.
- Two notable renovation projects were completed last year: the Lake St. Clair Room was completely renovated and the loading dock was modified and enlarged.
- The 2001-2002 operating budget had a year- end balance of \$336,000 due, in part, to increased bookstore revenues of \$125,000 and salary savings of \$139,000.
- Considerable savings were realized in the renovation line of the budget since some of the projects were deferred to 2002-2003.
- The proposed 2002-2003 budget projects a \$41,450 year-end balance, which includes an increased equipment line to \$68,903.
- The insurance and utility lines have been adjusted due to the OC expansion and annual increases.
- Several projects, totaling \$230,000, have been identified that focus on improving the expansion of the building, replacing patio furniture and meeting room chairs, and cosmetically improving the food court.
- A transfer of \$300,000 from the OC reserves will be made to the OC expansion project budget, as previously approved by the Board.
- The out years of 2003-2004 and 2004-2005 are adjusted for the OC expansion operation.
- The salaries and benefits lines and the utilities and insurance lines have been increased to reflect the OC expansion.

Trustee Baskin questioned why the projected revenues for 2003 through 2005 are so minimal, despite the \$8 million investment in the OC expansion. Mr. Fekel responded that the primary OC spaces that will be expanded are non-revenue generating, although the expansion will increase the opportunity to bring outside users to campus to utilize the facilities. He added that the revenue projections are somewhat modest because they tend to not over-project revenues.

**Campus Recreation**

Mr. Gregory Jordan, Director of Campus Recreation, presented the following Campus Recreation (CR) budget highlights:

- The CR has just completed its fourth year of operation, which proved to be the most successful year both programmatically and financially.
- Overall usage of the RC was up 15% over the previous year mainly due to student participation.
- The group exercise program realized a 43% increase in participation over the previous year.
- Continuing student memberships (students who are not enrolled in this academic term but still want to use the RC) have increased 138% over four years ago. During the same period of time, alumni memberships have increased 22%.
- The successful 2001-2002 budget year resulted in a \$140,000 contribution to the reserves above budgeted levels based on membership sales, rentals to external groups, and programs and services such as the learn to-swim program, massage therapy, and personal trainers.
- On-campus student fee income also exceeded budgeted levels during 2001-2002.
- The \$2.00 per semester student fee increase, recently approved by the Board as part of the General Fund Budget, has been incorporated through expansion of the group exercise fitness, wellness, and intramural programs and expansion of the operational hours. In addition, administrative oversight is being provided to the upper Pioneer fields to offer increased opportunities for student organizations, club sports, and intramural programs, and plans to replace and update the cardio equipment in the fitness center are ongoing.
- Minor interior and exterior improvements have been initiated, such as adding sidewalks, providing access to the east CR patio, adding safety netting to the recreation gym, improving the Pioneer Room for meetings, enclosing racquetball Court No. 5, improving lighting in the entry sail window area, social lounge, and fitness center, and enhancing the brick garden landscape and steam tunnel access in the front of the building.

- The CR five-year strategic plan, which is part of the division's 2010 profile, includes conducting a master plan to study and improve the upper playing fields.

Trustee Schlaybaugh noted that the CR budget shows a repairs, maintenance and renovations expense category under the reserve fund. He also asked how CR determines what gets budgeted as normal budget items and what gets paid out of reserves. Mr. Jordan replied that the repairs, maintenance and renovations line reflects routine maintenance and that it also funds at least one position from Campus Facilities and Operations (CFO). He also explained that specific projects, such as the aquatic center maintenance listed in the reserves part of the CR budget, do not occur annually so they are not listed as ongoing annual budgeted projects.

Trustee Schlaybaugh also questioned why a personnel expense is listed in the reserves line instead of in the salary and wages line. Ms. Schaefer and Mr. Jordan replied that it reflects a transfer of funds out of the CR budget to the CFO budget to pay for a service. Dr. Mary Beth Snyder, Vice President for Student Affairs, added that the service was structured that way when the CR building came on line. She noted that, instead of having their own custodial staff, CR is purchasing maintenance services from CFO.

### **Intercollegiate Athletics**

Mr. Jack G. Mehl, Director of Athletics, presented the following Intercollegiate Athletics (IA) budget highlights:

- The budget reflects the ongoing emergence of IA along the Division I business plan that the Board previously approved.
- The budget includes increased projected operating revenues as a result of NCAA distributions and higher facility and contractual fees, income from institutional sources due to adjustments for compensation, and a planned Division I enhancement.
- The budget also includes a 4% compensation increase.
- During the past year, the men's and women's teams accounted for four regular season championships and three tournament championships.
- Based on performance indicators, there has been remarkable improvement in the men's and women's basketball, soccer, and swimming programs as a result of good coaching and quality student athletes.

Trustee Schlaybaugh asked if any other varsity sports are being considered to be added to the IA. Mr. Mehl replied that the University is required by federal law to do a needs assessment every two years, and that in the last assessment there was no real significant interest in adding or subtracting any sports from the program. He noted that the IA program is beginning to produce more revenues, as a result of the NCAA distribution, which provides an opportunity to fund some new sports.

Trustee Schlaybaugh asked how Oakland University's athletics program compares to those of other institutions in terms of gifts and grants as a percent of income and institutional support as a percent of revenue. Mr. Mehl replied that peer institutions are divided into two groups: institutions in Division I-AAA who have been around for a long time, and institutions, like Marquette, who are non-football playing members. He commented that he believes Oakland University falls well behind those institutions in terms of external support from alumni, solicitation, gifts, and donors. Mr. Mehl added that when Oakland University is tracked with new and emerging institutions who might be in the same conference and who have been in Division I a similar number of years, then Oakland is doing much better, which may be a result, in part, of the good work that was done while Oakland was in Division II.

Chair Nicholson thanked all of the directors of the ancillary activities for their presentations.

Trustee Baskin moved approval of the following resolution:

RESOLVED, that the Board of Trustees approves the budgets for University Housing, Meadow Brook Health Enhancement Institute, Meadow Brook Music Festival, Meadow Brook Theatre, Graham Health Center, Lowry Early Childhood Education Center, Oakland Center, Campus Recreation, and Intercollegiate Athletics for the year ending June 30, 2003, and conditionally approves the budgets for fiscal years ending June 30, 2004 and June 30, 2005, with expenditures not to exceed the amounts on Appendix I respectively, for each year except as next set forth; and, be it further

RESOLVED, that all expenditures beyond the approved budget and expenditure levels in excess of the approved amount that are not funded by a direct revenue increase must have the prior approval of the President or his designee and these amounts shall be reported on a periodic basis to the Board of Trustees.

(A copy of Appendix I is on file in the Board of Trustees Office.)

Trustee Fischer seconded the motion. The motion was unanimously approved by those present.

**IV. Adjournment**

Chair Nicholson adjourned the meeting at 3:32 p.m.

Submitted,

Approved,

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Victor A. Zambardi  
Secretary to the Board of Trustees

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Ann V. Nicholson  
Chair, Board of Trustees