

**Minutes of the Formal Meeting
of the
Oakland University Board of Trustees
February 4, 2004**

Present: Chair Henry Baskin; Trustees David J. Doyle,
David T. Fischer, Dennis C. Muchmore,
Ann V. Nicholson, and Rex E. Schlaybaugh, Jr.

Absent: Trustees Penny M. Crissman and Dennis K. Pawley

Also Present: President Gary D. Russi; Vice Presidents Susan Goepf, Virinder K. Moudgil, Lynne C. Schaefer, and Mary Beth Snyder; General Counsel and Secretary to the Board of Trustees Victor A. Zambardi and Assistant Rhonda G. Saunders; and Student Liaisons Lenwood D. Compton and Rhonda R. Hanna

I. Call to Order

Chair Henry Baskin called the meeting to order at 2:05 p.m. in the Auditorium of Elliott Hall of Business and Information Technology.

II. Roll Call

Mr. Victor A. Zambardi, General Counsel and Secretary to the Board of Trustees, conducted a roll call. All of the Board members were present except Trustees Penny M. Crissman and Dennis K. Pawley.

III. Action Items

A. Consent Agenda

Chair Baskin presented the following recommendations:

**1. Approval of the Minutes of the Formal Meeting of
December 3, 2003**

2. Approval of University Personnel Actions

New Appointment, effective January 5, 2004

Johnson, Eileen S., Assistant Professor of Education (\$48,000.00)
(New appointment filling a vacant authorized position).

Faculty Reappointment

Reappointment (Probationary) – Effective August 15, 2004 through August 14, 2006.

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

Cardiff, Gladys	English	Reemploy
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3. Recommendation to Accept Gifts to Oakland University and the Oakland University Foundation for the Period of November 1 through December 31, 2003, and to Accept Grants and Contracts to Oakland University for the Period of November 1 through December 31, 2003

(A copy of the gifts, grants and contracts is on file in the Board of Trustees Office.)

4. Approval of Meadow Brook Subdivision Financing Guarantees

(A copy of the Meadow Brook Subdivision Financing Guarantees is on file in the Board of Trustees office.)

5. Approval of Board Members for Public School Academies

WHEREAS, the Board of Directors of **Academy of Michigan** nominated Delores Jean Trice and Roselyn Renee Turnage to fill vacancies created by term expirations, and Sandra J. Carter for reappointment, to two-year terms to expire on February 4, 2006; and

WHEREAS, the Board of Directors of **Detroit Edison Public School Academy** nominated Andre' Watson for reappointment to a two-year term to expire on February 4, 2006; and

WHEREAS, the Board of Directors of **Summit Academy** nominated Alan Earl Parlette for reappointment to a two-year term to expire on February 4, 2006; and

WHEREAS, the Board of Directors of **Detroit Academy of Arts & Sciences** nominated Denise Delphine Shannon to expand its board membership and to a two-year term to expire on February 4, 2006; and

WHEREAS, the Board of Directors of **Nsoroma Institute** nominated Valerie Anne Brock, Tosha Renee' Cheeks and Albert Leroy Seevers, Jr. to fill vacancies created by term expirations to two-year terms to expire on February 4, 2006, and Becki Berry Wells for reappointment to a three-year term to expire on February 4, 2007; and

WHEREAS, Delores Jean Trice, Roselyn Renee Turnage, Sandra J. Carter, Andre' Watson, Alan Earl Parlette, Denise Delphine Shannon, Valerie Anne Brock, Tosha Renee' Cheeks, Albert Leroy Seevers, Jr. and Becki Berry Wells each meet the requirements of the Oakland University Board of Trustees and applicable law; now therefore, be it

RESOLVED, that the Oakland University Board of Trustees hereby approves Delores Jean Trice and Roselyn Renee Turnage as members of the Board of Directors for Academy of Michigan, and Sandra J. Carter for reappointment, to two-year terms to expire on February 4, 2006; and, be it further

RESOLVED, that the Oakland University Board of Trustees hereby approves Andre' Watson for reappointment to the Board of Directors for Detroit Edison Public School Academy for a two-year term to expire on February 4, 2006; and, be it further

RESOLVED, that the Oakland University Board of Trustees hereby approves Alan Earl Parlette for reappointment to the Board of Directors for Summit Academy for a two-year term to expire on February 4, 2006; and, be it further

RESOLVED, that the Oakland University Board of Trustees hereby approves Denise Delphine Shannon to expand the Board of Directors for Detroit Academy of Arts & Sciences for a two-year term to expire on February 4, 2006; and, be it further

RESOLVED, that the Oakland University Board of Trustees hereby approves Valerie Anne Brock, Tosha Renee' Cheeks and Albert Leroy Seevers, Jr. as members of the Board of Directors for Nsoroma Institute for two-year terms to expire on February 4, 2006, and Becki Berry Wells for reappointment to a three-year term to expire on February 4, 2007; and, be it further

RESOLVED, that all resolutions and parts of resolutions in conflict with this resolution shall be and hereby are rescinded to the extent of such conflict.

6. Approval of Honorary Degree for Doris Eaton Travis

RESOLVED, that the Board of Trustees approve the awarding of an honorary degree of Doctor of Humanities to Doris Eaton Travis.

Trustee David J. Doyle, seconded by Trustee David T. Fischer, moved approval of the Consent Agenda. The motion was unanimously approved by those present.

B. Approval to Name the School of Education and Human Services Building

Trustee Fischer stated that the naming of a building in recognition of a donor is based upon established criteria, and noted that in December 2001, the Board approved minimum naming opportunities for the School of Education and Human Services Building that require a minimum donation of \$4 million. Trustee Pawley and his wife, Carlotta Pawley, have generously offered to make planned gifts valued at \$4 million to Oakland University, and Oakland University wishes to recognize the Pawleys by naming the School of Education and Human Services Building the *Carlotta and Dennis Pawley Hall*.

Trustee Fischer commented that the Pawleys are lifelong friends of Oakland University. Mr. Pawley is a graduate of Oakland University's School of Education and Human Services and a former Executive Vice President of DaimlerChrysler Corporation. He served on the Oakland University Foundation Board of Directors from 1993 through 1996, and again from 1999 through 2002. Mr. Pawley also served on the Oakland University Board of Trustees from August 1996 through December 1998, and was reappointed in September 2002 for an eight-year term. In February 2002, the Pawleys funded a \$1 million endowment to establish the *Pawley Lean Learning Institute*, and they are members of the Varner

Society that recognizes donors who have contributed between \$5 million and \$10 million.

Trustee Fischer moved approval of the following recommendation:

RESOLVED, that the Board of Trustees accepts the planned gifts from Dennis and Carlotta Pawley, and approves naming Oakland University's School of Education and Human Services Building *Carlotta and Dennis Pawley Hall* pursuant to the Naming Gift Agreement for Oakland University's School of Education and Human Services Building.

Trustee Fischer commented that he is honored and pleased to present this item. He noted that Mr. Pawley has generously donated to Oakland University and he is an inspiration to us all.

Chair Baskin added that Mr. Pawley has also offered great insight, innovation, and creativity to the University. On behalf of the Board, Chair Baskin thanked Mr. and Mrs. Pawley for their remarkable contributions to Oakland University.

Trustee Rex E. Schlaybaugh, Jr. seconded the motion. The motion was unanimously approved by those present.

C. Approval of Appointment of an Independent Public Accounting Firm

Trustee Schlaybaugh stated that the Finance, Audit and Investment Committee interviewed the top two firms and recommended the appointment of Pricewaterhouse-Coopers as the University's independent public accounting firm, subject to negotiation by the General Counsel of acceptable release and indemnification terms. General Counsel Zambardi confirmed that the release and indemnification terms were acceptable.

Trustee Schlaybaugh, seconded by Trustee Fischer, moved approval of the following recommendation:

RESOLVED, that the Board of Trustees appoint PricewaterhouseCoopers as the University's independent public accounting firm; and, be it further

RESOLVED, that PricewaterhouseCoopers will report the results of its annual examination of Oakland University's financial statements to the Board of Trustees and its committees as requested; and, be it further

RESOLVED, that this appointment is for a one-year period, after which the Vice President for Finance and Administration is authorized to continue the appointment on a year-to-year basis, not to exceed the six-year period established by the Rotation of Auditing Firms policy.

Trustee Schlaybaugh proposed that the third resolution clause be amended by substituting the language "Vice President for Finance and Administration" with "Finance, Audit and Investment Committee," consistent with the charge to the Finance, Audit and Investment Committee. Trustee Schlaybaugh added that corresponding modifications should be made to the Rotation of Auditing Firms Board policy.

Trustee Schlaybaugh, seconded by Trustee Fischer, moved approval of the following friendly amendment to the resolution:

RESOLVED, that this appointment is for a one-year period, after which the Finance, Audit and Investment Committee is authorized to continue the appointment on a year-to-year basis, not to exceed the six-year period established by the Rotation of Auditing Firms policy.

The motion to amend the resolution was unanimously approved by those present. The underlying motion, as amended, was unanimously approved by those present.

D. Approval of Ancillary Operating Budget for Meadow Brook Hall for Fiscal Year Ending June 30, 2004

Trustee Doyle stated that Meadow Brook Hall (Hall) has been operating for the last seven months without a Board-approved budget, while the Finance, Audit and Investment Committee continually reviewed the Hall's ongoing budget. He supported approving the proposed fiscal year 2004 budget while the Committee continues to consider business planning options to eliminate the Hall's future operating deficit. Trustee Doyle also reported that with the projected fiscal year 2004 revenue of \$3.27 million and expenditures of \$3.76 million, there will be a deficit of \$408,706.

Trustee Doyle moved approval of the following recommendation:

RESOLVED, that the Board of Trustees approve the FY 2004 budget for Meadow Brook Hall.

Trustee Ann V. Nicholson seconded the motion.

Trustee Schlaybaugh, seconded by Trustee Doyle, moved approval of the following friendly amendment to the resolution:

RESOLVED, that the administration shall report to the Board of Trustees, at its April 7, 2004 Formal Meeting, whether or not funding for infrastructure improvements to Meadow Brook Hall has been obtained, and propose any revisions to the FY 2004 budget for Meadow Brook Hall that may be necessary or appropriate.

The motion to amend the resolution was unanimously approved by those present. The underlying motion, as amended, was unanimously approved by those present.

IV. Discussion of April 7, 2004 Board of Trustees Formal Meeting Agenda

Trustee Schlaybaugh requested that the April agenda include a report on funding for the Hall infrastructure improvements or a proposal for budget revisions.

Chair Baskin advised the Board members to contact the Secretary to the Board of Trustees with additions, deletions, or questions.

V. Other Items that May Come Before the Board

Chair Baskin called on Ms. Erin McCarthy, who requested to address the Board. On behalf of some students concerned with the Hall's future and its relationship with the University, Ms. McCarthy proposed that a student fee be implemented to support the Hall. In return, the students could be offered free tours and events year round, as well as jobs, internships, and leadership opportunities.

In response to a question posed by Chair Baskin, Ms. McCarthy stated that one of the core missions of the University includes cultural endeavors, which could be accomplished through integrating the Hall with curriculum from departments such as Art & Art History and Engineering.

Ms. Rhonda Hanna, Student Liaison, applauded Ms. McCarthy and the student group for taking an active role in this issue. She agreed that the Hall is a wonderful legacy for students and the community, but she respectfully disagreed that a student fee is the way to resolve the Hall's financial problems. Ms. Hanna noted that the proposal is, in essence, a tuition increase, and with students facing further tuition increases she believes a greater priority should be placed on continuation of providing a high-quality education with necessary classes, sections, and services for students.

Chair Baskin called on Mr. Jonathan Parks, Student Congress President, who requested to address the Board. Mr. Parks concurred with Ms. Hanna's comments and noted that Ms. McCarthy and her supporters presented their proposal at a Student Congress meeting. The proposal was also posted on an

on-line Student Congress discussion board. The consensus appears to be that the Hall's budget is not the students' responsibility.

Chair Baskin called on Dr. Susan Wood, Chair and Professor of Art & Art History, who requested to address the Board. Dr. Wood commented that the Hall has provided summer student research assistantships for Art & Art History majors. Those students earned stipends and produced very valuable research from their assistantships. Students doing independent studies have researched the art collections in the Hall. One such research, published in the *Oakland Journal*, dealt with the portraiture of Louis Betts, whose paintings of the Dodge and Wilson families hang in the Hall. Dr. Wood added that Professor John Cameron has taken his Michigan architecture students for free tours of the Hall, and similar tours have also been offered as part of the LaPittura Program for Art History and Studio Art students. Dr. Wood proposed enlisting faculty assistance to apply for grant support for the Hall. She noted that in addition to the Department of Art & Art History, the Departments of History and Anthropology should have a direct interest in the Hall for historical and archeological purposes.

In response to a question posed by Trustee Dennis C. Muchmore regarding art preservation at the Hall, Ms. Sally Victor, Meadow Brook Hall Interim Director, stated that the Hall has an ongoing relationship with the Detroit Institute of Art to assist with conservation issues at no charge.

Chair Baskin called on Mr. Dominic Caruso, Electrical Engineering student, who also requested to address the Board. Mr. Caruso stated that, although he will get very little academic value out of the Hall, he would still gladly pledge \$20 a semester to support the Hall in order to enhance student life on campus.

Mr. Lenwood Compton, Student Liaison, commented that, although the student organizations are not restricted from using the Hall, they find it to be very costly forcing them to seek outside locations. He proposed that the Business Model include a provision making it more cost-effective for the student organizations to utilize the Hall.

Approval of Pledge to Limit Resident Undergraduate Tuition-and-Fee Rate Increase for 2004-2005

President Russi presented the following statement:

Oakland University is aware that extraordinary and unique circumstances are negatively impacting the economies of the State and the nation, and that the projected State budget shortfall for Fiscal Year (FY) 2004 – 2005 is expected to be between \$800 million and \$1.2 billion.

Yet, Oakland University has been and continues to be heavily dependent upon State appropriations and tuition and fees for its general operating funds. Oakland University's State appropriations have been reduced 11.4% since December 2002, which has lowered the effective State appropriation per full-time student to \$3,695, a level comparable to the \$3,840 per student the University received 10 years ago.

The State's appropriations reductions in the past two years have put great stress on Oakland University's operational capacity, cutting the University's resources by more than \$10 million. In this environment, it has become increasingly challenging to maintain the value of an Oakland University education.

Oakland University's Board of Trustees and administration are highly sensitive to the impact of increased tuition and fees on Oakland University students. Over the past five years, whenever Oakland University's State appropriation increase was greater than, or decreased less than, projected, the Board reduced scheduled tuition and fee increases.

The University recently passed along to its students 100% of the \$1.9 million restored to its FY 2003 – 2004 State appropriation, illustrating a commitment to protect the University's primary mission of educating students with high-quality academic instruction and programming. Nearly 50% of the restored funds were returned to students through a tuition reduction; the remainder through increased financial aid, the hiring of part-time faculty to maintain acceptable student/faculty ratios and increased class offerings.

In December 2003, Governor Jennifer Granholm and the House and Senate Appropriations' Committees approved restoring 3% of a proposed 5% reduction in State appropriations to those State universities which do not increase tuition or fees mid-year in 2003 – 2004, and do not increase 2004 – 2005 tuition and fees for resident undergraduates more than the projected Detroit CPI of 2.4%. Governor Granholm is expected to further propose in the FY 2004 – 2005 State budget recommendation for higher education that universities agreeing to the above criteria will not receive any additional reductions in State appropriations in FY 2004 – 2005.

Even if passed by the legislature, accepting Governor Granholm's proposals will still leave Oakland University with a budget shortfall of nearly \$2.5 million for FY 2004 – 2005. The University will continue to seek ways to both increase revenues and reduce operating costs – by eliminating or deferring planned projects, activities, positions and programs, and by continuing to exercise such cost-saving measures as

outsourcing operations, seeking more partnerships with business and industry, and changing purchasing and facilities management practices.

Given the situation described herein, and in recognition of its commitment to best fulfill its mission of educating its students with quality instruction and services at the lowest possible cost, Oakland University proposes the following:

RESOLVED, that the Oakland University Board of Trustees pledges not to increase Oakland University's resident undergraduate tuition and fee rates mid-year in 2003 – 2004; and, be it further

RESOLVED, that the Oakland University Board of Trustees pledges to keep Oakland University's 2004 – 2005 resident undergraduate tuition and fee rate increases at no more than 2.4%; and, be it further

RESOLVED, that the foregoing Oakland University Board of Trustees' pledges are contingent upon the State of Michigan restoring 3% of Oakland University's appropriation in 2003 – 2004, and imposing no further cuts in Oakland University's State appropriation for 2004 – 2005.

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

Trustee Schlaybaugh asked whether there were assurances that the quality of the University's educational products and the delivery of those services can be maintained given the \$2.5 million shortfall identified for next year. President Russi replied that the University started with a very strong budget planning process last August, with a central focus to protect quality as much as possible. He added that the recommendations for 2005 result in few cuts in instruction, and that most of the other reductions will occur in support for services and operations.

Chair Baskin asked what the 2.4% increase equates to in tuition, and Dr. Virinder K. Moudgil, Vice President for Academic Affairs and Provost, replied that it would be between \$60 and \$80 per student per semester.

Trustee Doyle commented that, given the State's General Fund deficit of \$800 million to \$1.2 billion, he believes the Board and the administration have been preparing for the Governor's February 12 message in anticipation of very significant budget cuts to higher education. He stated that if the University can hold the line and the Governor and the legislature are willing to hold the University harmless, it would be a great arrangement for the University. Trustee Nicholson asked about the timing of the proposal if the State goes beyond February 12, and President Russi replied that it could extend into summer,

although the State prefers to have the budget completed by July; however, given the situation it may be extended.

Chair Baskin asked if there is a guarantee that the Detroit CPI is going to be 2.4%, and President Russi replied that he believes the State reviewed that issue and considers it to be secure. Ms. Rochelle Black, Government Relations Director, concurred noting that the December Executive Order was predicated on what the revenue estimating conferees decided in January.

The motion was unanimously approved by those present.

VI. Adjournment

Chair Baskin adjourned the meeting at 3:05 p.m.

Submitted,

Approved,

Victor A. Zambardi
Secretary to the Board of Trustees

Henry Baskin
Chair, Board of Trustees