Minutes of the Formal Meeting
of the
Oakland University Board of Trustees
February 5, 2003

Present: Chair Henry Baskin; Trustees Penny M. Crissman, David J. Doyle, Ann V. Nicholson, Rex E. Schlaybaugh, Jr., and Dennis K. Pawley

Absent: Trustees David T. Fisher and Dennis C. Muchmore.

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 Liaisons Rhonda R. Hanna and David M. Jewell

I. Call to Order

Chair Henry Baskin called the meeting to order at 2:07 p.m. in the Auditorium of the 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 David T. Fisher and Dennis C. Muchmore.

III. Treasurer's Report:

Ms. Lynne C. Schaefer, Vice President for Finance and Administration, reported the following information on the second quarter of the fiscal year performance results for both the pooled cash and the University's endowment investment funds.

- On the pooled cash side, the overall quarterly return was 1.72%; the equity portfolio recovered some lost ground, returning 5.03% for the quarter

- On the endowment side, the return for the quarter on the CommonFund equity fund was 5.3% and 1.7% on the bond fund, for an overall return of 3.7%. The annual return from the two funds has been a negative 5.3% because of the poor performance on the equity side earlier in the fiscal year.

- To improve financial monitoring and control practices, a non-general fund monitoring process was implemented to monitor fund and cash balances on a monthly basis.

- Year-to-date General Fund budget performance as of December 31, 2002 indicates that overall the University spent 49.5% of the total General Fund in the first half of the fiscal year, compared to 51.8% last year.

- The University, in partnership with Lehman Brothers, continues to monitor outstanding debt to find opportunities to achieve savings through refinancing or restructuring.

- The on-line Financial Practices Manual has been completed by the former Budget Director, Patrick Nicosia, who just retired after spending a year documenting all of the University's financial practices.

Trustee David J. Doyle inquired if Ms. Schaefer's report incorporates the 2% executive order cut from Governor John Engler. Ms. Schaefer replied that is does not, but that the University will have to cut back for the rest of the fiscal year to make up that 2%.

IV. President's Report:

President Gary D. Russi reported the following information:

- Mr. Todd Hensel and Mr. Eddie Turner were recognized as the December and January Employees of the Month, respectively. Supervisory comments on each recipient were provided in a video presentation.

- Dr. Virinder K. Moudgil, Interim Vice President for Academic Affairs and Provost, recognized the outstanding service and distinguished contributions of Dr. Christina Sieloff who joined the School of Nursing faculty in 1993 as a Visiting Instructor and is currently an Associate Professor. After receiving her Ph.D. from Wayne State University, Dr. Sieloff has been an active researcher in the area of Power Structures in Health Care Organizations. She created an original theoretical model of group power, the Sieloff Theory of Departmental Power. The model structure was tested and is recognized as a reliable, valid and useful source in explaining empirical phenomenon. Dr. Sieloff partnered with Imogene King, a world-renowned pioneer in nursing theory, who publicly endorses her work and her accomplishments. She is a widely published scholar and much sought after speaker. Her work provides a tool to assess and develop strategies to improve nurse's group power and thereby improve the care they render to patients. Dr. Sieloff is a member of the American Nurses Association Board of Directors and Chairs several national committees, including the Future Task Force on Work Force. She serves on the American Nurses Credentialing Center Board of Directors, an organization so influential that it sets national standards for the performance and competencies of professional nurses and grants advanced practice certification.

- Dr. Moudgil also recognized three Kresge Librarians Librarian Outreach Specialists, Professors Shawn Lombardo, Beth Kraemer and Dana Keyse, who have created and implemented a variety of programs to increase the Library's visibility, enhance its customized services to the University's students, faculty and staff, and position it at the heart of teaching and learning on campus. Professor Lombardo serves as a liaison to the Office of New Student Programs. She has developed detailed Library Information Packets to welcome and orient transfer students. She has also led instruction sessions for Communications, one-on-one students, and Peer Connecting Groups. As members of the Welcome Week committee, Professors Lombardo and Keyes sponsored a day-long "Library Coffee House". As a librarian liaison to the residence halls, Professor Kraemer has developed a unique, educational and social program targeted to on-campus residents, known as the OU Residence Halls Book Club. In addition, the Honors College faculty and staff have been eager to integrate both Professor Kraemer as the library liaison into the honors community on the campus. Professor Keyes, as the diversity liaison to Student Affairs, participates annually in the programming of campus events during African American Celebration Month and Disability Awareness Day. She has also created the Kresge Library Diversity Resources Web site, which focuses on minority and social cultural studies.

President Russi continued his report with an update on State appropriations. He stated that this week Governor Jennifer Granholm is expected to issue an executive order further reducing state appropriations to state public universities for this current fiscal year 2002-2003 by an additional 1.5% for a total of 3.5%. Once the State Legislature approves the final reduction percentage, the University anticipates balancing the budget this year primarily through one-time funding cuts where appropriate. It is important to note that these cuts will come from recommendations by the divisions led by Department Chairs, Deans and Vice-Presidents based on values and guidelines that will keep our strategic focus on developing Oakland University programs for distinction for the year 2010.

President Russi stated that, while he is confident that the University is prepared and focused on key strategies to advance the institution in these difficult funding times, he must emphasize that the state budget situation is extremely serious and the effect on higher education, including Oakland University, will be painful and long lasting. Importantly, in addition to the 3.5% reduction this fiscal year, an even deeper set of cuts to permanent base budgets is expected for the fiscal year beginning July 1, 2003. That percentage will include this year's 3.5% added to the fiscal year 2004 cuts, and continued budget shortfalls are anticipated in fiscal year 2005.

President Russi added that the University's strategic budget priorities will once again be based on wide-spread consultation within the University community, including the Senate Budget Review Committee and the Senate Planning Committee. The Chairs, Deans and Vice-Presidents will reach out to their faculty and staffs for input on prioritizing cuts in each unit. Student leaders, including Board of Trustees Student Liaisons, and others will provide feedback. In addition, the University continues to work diligently to cut expenses through cost containment measures and to increase revenue through fundraising, especially though the capital campaign. President Russi stated that he will share more information with the Board and the University Community as the University begins to make the reduction for the current fiscal year and plans for the permanent reductions for the next fiscal year.

Chair Baskin thanked President Russi for his report.

V. Reports:

A. Fiscal Years 2003 and 2004 State Budget Update

Ms. Rochelle Black, Director of Government Relations, made a Power Point presentation on the State budget situation. She noted that the presentation was prepared by A. Thomas Clay, Senior Research Associate at Michigan Citizens Research Council. Ms. Black commented that, founded in 1916, the Citizens Research Council of Michigan is the state's oldest and most respected non-profit public policy research organization. The Council was established to bring about sound governmental policy through factual research and is respected for its independent non-partisan approach. It is supported by charitable contributions from Michigan business, foundations and individuals.

Ms. Black explained that the states are facing the worst budget crisis since World War II, and state revenue structures are mismatched with spending responsibilities. She noted that Michigan's total State budget is $39 billion dollars and there are two major funds that are affected in terms of the budget deficit: the $9 Billion General Fund of which Universities and Community Colleges make up about 23%, and the School Aid Fund of $11.5 billion. The other State funds are restricted for general purposes. Ms. Black noted that her report is focused primarily on the General Fund, which affects the University most directly.

Ms. Black made the following budget highlights:

- The state is faced with a structural budget deficit that began in fiscal year 2001 with expenditures far exceeding revenues. It projects out to fiscal year 2006, so the gap will probably close with time as things are done to try to address this problem, but there is a lot more work that needs to be done to put it in balance in future years.

- Some of the deficit causes include a weak economy, stock market decline, capital gains drop, eroding revenue base from tax cuts and failure to implement permanent budget balancing actions.

- Budget balancing actions are relatively benign, with spending reductions relatively small. However, a few years ago in higher education, there was a significant decline showing efforts to reduce this problem. The current fiscal year started off with a 1.5% increase compared to 7% and 8% increases in prior years, indicating that much has been done to address this over time. Another issue the State faces is that the early retirement program reduces production of the work force. As a result of these budget issues, the Legislature and Governor will have to decide whether to keep cutting or seek alternative revenue sources.

- According to the Citizens Research Council, the problem is a revenue problem, which has to be addressed by cuts. As a result, the question that the State is focused on is whether we can grow out of the problem rather than cut spending. In January, a Revenue Estimating Conference was held to make budget projections, resulting in Executive Order 2002-22 with an initial cut of $460 million in December. More adjustments are needed and every month the upturn is delayed makes the situation worse. Another Executive Order is expected next week, based on the $150 million shortfall. Governor Granholm has made it clear to the presidents and chancellors of state universities of Michigan that her plan is to recommend a 1.5%.

- In fiscal year 2004, structural deficits are projected at $898 million in the General Fund and $743 million in the School Aid Fund. In accordance with the Michigan Constitution, the budget must be balanced.

- Growth in fiscal year 2004 and fiscal year 2005 is constrained by income tax cuts and federal tax reform.

- There is a total gap of $1.7 billion, which is not going to be eliminated by sustained economic growth.

- Medicaid is a nationwide problem. Temporary revenues have been used to avoid cuts in Medicaid. Federal limits on Medicaid special financing adds $430 million to State funding requirements over a three-year period. The total Medicaid problem will exceed $500 million in fiscal year 2004.

- Approaches to balancing the General Fund budget include cutting spending and raising more revenues. Eventually the State must find $1.7 billion in total General Fund revenues or spending reductions to balance the fiscal year 2004 budget, which represents 19% of the General Fund spending.

- Eighty percent (80%) of the General Fund is in Higher Education, Community Health, Corrections and Family Services, Juvenile Justice and Public Assistance (FIA), with Higher Education representing 23%.

- One way to balance the budget is through cutting spending. The Research Council says that across-the-board reductions are not realistic, since some areas have already been cut several times. Higher Education has been fortunate until this latest round of cuts. It has been a priority and even though times are tough, it is still a priority. However cuts have been made elsewhere as far as they could be made.

- With the State paying 50% of the University's operating costs, fundamental changes in priorities will be needed. The Legislature is discussing an evaluation of Higher Education scholarships and tuition, in an effort to be more efficient and impact the least amount of people.

A general discussion followed Ms. Black's report. She clarified for Chair Baskin that the School Aid fund is for K-12, noting that they also are facing a budget deficit which is relatively recent.

Chair Baskin asked about the impact on Community Colleges, and Ms. Black replied that historically Higher Education and Community Colleges have been treated the same in terms of increases or cuts.

Trustee Rex E. Schlaybaugh, Jr., asked if the Higher Education cuts will be across-the-board, and Ms. Black responded that generally they are across-the-board, since it is politically more pragmatic to go across-the-board with cuts. However, at the same time universities want to make it clear that it is important to consider all the progress that has been made in years leading up to this where they have been trying to address the funding disparities between universities. Ms. Black added that if nothing happens from a budgetary standpoint, the universities are requesting that language be included in the boiler plate recognizing that there is a problem with the disparity and the gap.

Trustee Schlaybaugh noted that he heard that the Governor will not be proposing new taxes for purposes of dealing with this issue and that there has always been a sensitivity in the administration and the Legislature that universities need to do more than just pass this on through tuition increases. He asked if that same sentiment is occurring. Ms. Black replied that there are a lot of discussions on the cost savings measures and efficiencies that universities have undertaken, whether through outsourcing or privatization. She noted that two weeks ago, when she and the President met with Governor Granholm, one of the initiatives mentioned to her was the Pawley Institute as an example of a source to assist the Governor on her "bureaucracy buster" attempts.

Trustee Penny M. Crissman stated that universities need to do a big campaign as far as educating these individuals on university cost savings experience. Ms. Black agreed, noting that the President's Council, under a new executive director, has been working with the presidents and chancellors to address this concern because it is a public relations image issue. She added that the universities also try to stress to Legislators that there are some fixed costs that they have to deal with, and when cuts are made it is not a dollar-for-dollar issue but with cuts coming mid-stream the impact is greater than simply another 1.5%, it is also a quality issue. Things such as class size and number of students are important to them as well as it is to universities. Ms. Black commented that it is a very delicate balancing act. Michigan has one of the best higher education systems in the nation, and that is something of which many Legislators are proud. For those Legislators who don't know Oakland University, we need to let them know that we are one of the best State universities partially because the State has done a good job of funding higher education.

Trustee Crissman commented that the Community Colleges also receive funding from property taxes, local revenue.

Trustee Schlaybaugh stressed that, despite expenditure reductions and efficiencies, the University is still going to have to make priority assessments on academic programs.

Chair Baskin asked if Oakland University will retain its current position despite budget cuts, compared to the other universities. Ms. Black reiterated that there is a tendency by the State to cut across-the-board, so she does not believe the University will be cut more than other universities. She stated that she is trying to get the message across to Lansing that a lot of Universities in the State are at capacity and not accepting new students, while universities like Oakland have the ability to accept more students despite decreased funding from the State. Therefore, from a public policy standpoint it would be good to consider that when determining how cuts are made.

Chair Baskin asked if there is any thought given to university merit and retention in Lansing. For example, how well our universities are doing compared to other universities and whether they are retaining students in the State of Michigan. Ms. Black replied that there is a tendency for Legislators to think, when they look at retention numbers, that it is something that the universities are doing that prevents the students to graduate in a timely manner. Another factor is the amount of hours that students work and how that impacts graduation.

Chair Baskin also asked if any thought has been given in Lansing to the fact that some universities will fund students who leave the State of Michigan and return nothing in personal income taxes, energy, or creativity to the State, while other universities, such as Oakland, have a great retention of graduates who stay in the State, pay taxes, and contribute to the State's economy, growth and development. Ms. Black responded that, while some people in Lansing talk about that, most of us in higher education agree that a good system is a system that does both. Attracting people from all over gives Oakland University national prominence, however, we generally try to stay away from those discussions because of the implications of constitutional autonomy and because all of our universities are great.

Trustee Doyle commented that the history in Lansing over the course of the last 30 years is when there have been cuts in Higher Education that they have been across-the-board, and it doesn't matter if the University is growing or attracting in terms of the number of students. He stated that unfortunately it is easier for the Legislature, but he believes that lobbying that point is important because of Oakland's progress over the last few years.

B. FY 2003 Budget Performance Report for University Student Apartments and Consolidated Housing Operations

Dr. Mary Beth Snyder, Vice President for Student Affairs, stated that the Board requested an overview of the financial situation of the student apartments, once they were on-line. She called on Ms. Eleanor Reynolds, Director of University Housing, who presented the following information on the new University student apartments and housing operating budgets:

- Occupancy is higher than projected, resulting in a reduction in expenditures and a budget surplus of over $200,000 for the first year of operation.

- The apartment sign-up process for the 2003 and 2004 academic years has commenced with 197 new applications turned in to date, in addition to 270 return residents.

- The apartments are projected at close to full capacity by August 2003.

- The number of students living on campus increased this year by about 10%.

- The migration of resident students from traditional halls into the new apartments, and a higher than usual number of contract cancellations due to the economy, resulted in increased occupancy in the residence halls. Some of the space was used to give interested students single rooms for an additional fee.

- The budget was revised to reflect the reduced number of residents, additional single room revenue, cost savings in food service, and reduction in renovation projects and other expense areas. The operating budget has been balanced with a modest surplus of $26,960.

- The current budget will be reviewed quarterly throughout the fiscal year. The halls are continuing to promote an increase of on-campus residents.

- The housing Web page has been redesigned and more single rooms are being offered along with stronger program options.

Trustees Crissman and Doyle asked about the percentage of occupancy in the residence halls and apartments. Ms. Reynolds replied that the halls are 85% occupied, while the apartments are 94% occupied.

Chair Baskin inquired how the downturn in the economy will impact occupancy in fiscal years 2004 and 2005. Ms. Reynolds responded that the sign-up process for 2004 is underway, and that since a lot of the students moved from the halls to the apartments this past year, there will be a lower capacity in the apartments to accommodate those students this year. In addition the Housing Department is looking at ways to entice and encourage those juniors and seniors to stay in the halls. Ms. Reynolds noted that contracts are also being sent to all new students and more freshmen are signing up than last year.

In response to a question posed by Trustee Crissman, Ms. Reynolds stated that a single room is actually one person in a double room, and there are currently 230 single rooms in the system.

Chair Baskin thanked Ms. Reynolds for her report.

C. Michigan Universities Self-Insurance Corporation (MUSIC) Activities for the Fiscal Year Ended June 30, 2002 Report

Ms. Schaefer called on Ms. Kate Lark, Director of Purchasing and Risk Management, who presented the following MUSIC report highlights:

- The events of 2001/2002 by any standard of measurement have been extraordinary. Oakland University's fiscal year began with the World Trade Center disaster followed by the anthrax crisis, accounting scandals, corporate corruption, and a severe strain on the U.S. and world financial markets. All of these events had a catastrophic effect on the insurance market.

- Oakland University renewed its insurance policies for 2001/2002 prior to 9/11, and due to the hardening of the market, every line of coverage was increased except general liability. Carriers were skittish after the events of 9/11, resulting in requests for complex underwriting data. During this time, there were extreme fluctuations in premium estimates. The University faired well during these difficult times in the insurance industry because of the operations of MUSIC and the University's management of its operations and claims handling.

- A key goal for MUSIC has always been to establish long-term relationships with its partners, the excess carriers. Last year, on average, excess premiums across all industries, including Higher Education, ranged between 50% and 100% increases. MUSIC's first layer of excess charged an increase of only 25%. This is a remarkable number and illustrates the carriers confidence in the MUSIC Corporation. MUSIC's entire excess program with five insurance companies had an overall increase of 40%, still below the industry average.

- Besides the excess program, MUSIC also self-insures a layer of risk. Oakland University's portion of the self-insured program faired well because of its excellent loss experience. As an illustration, while MUSIC on average had an increase of almost 20% in general liability over the last year, Oakland University's premium decreased about 40%. MUSIC's overall annual premium decreased by 22%, while Oakland's decreased by 27%. MUSIC's deductible for general liability increased by over 87%, while Oakland's increased by 5%. MUSIC's deductible for Errors and Omissions decreased by a little over 8%, while Oakland's decreased by 21.5%. These excellent results are attributed to strong loss control, aggressive management of claims, and University community commitment to a safe environment for students, staff and visitors.

- Oakland's excess property premium increased 66%, down from an estimate of 100%. Oakland's excess workers compensation premium increased 70% over last year, and the University was forced to increase its deductible for the policy.

- Common insurance renewals as of January 1, 2003 have shown considerable improvement over last year. Property renewals are showing modest increases ranging from 0% to 10%, partially attributed to the recent passage of the Federal Terrorism Risk Insurance Act of 2002. General liability and excess premiums are 10% to 30% higher than property premiums, and the Professional and Errors and Omissions type policies are still showing significant increases ranging from 20% to 70%.

- MUSIC has once again started gathering renewal data early in an effort to provide partners with complete information about the University. Unlike last year, we anticipate receiving renewal information well before the expiration date of June 30th.

Chair Baskin thanked Ms. Lark for her report.

VI. Action Items

A. Consent Agenda

Chair Baskin stated that if any member of the Board wishes to remove any item from the Consent Agenda for discussion, the request should be made to him at this time.

Ms. Crissman requested that Item 6, Approval of Board Members for Public School Academies, be removed from the Consent Agenda for discussion.

Chair Baskin moved approval of the following recommendations:

1. Approval of the Minutes of the Formal Meeting of December 4, 2002

2. Approval of the Minutes of the Special Formal Meeting of December 20, 2002

3. Approval of University Personnel Actions

Emeritus Appointment

Halsted, Carol E., Professor Emeritus of Dance, effective January 1, 2003.

Administrative Appointments

Yamada, Kevin D., Executive Director, Pawley Institute, effective December 9, 2002 ($110,000).

Department Chairperson

Department	Chair	Term
Teacher Development and Educational Studies	Dyanne M. Tracy	December 1, 2002 through August 14, 2005

Faculty Reappointments

Reappointments (Probationary) – Effective August 15, 2003 through August 14, 2005.

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

Chintala, Shravan	Eye Research Institute	Reemploy

Renewable – Effective August 15, 2003 through August 14, 2005:

Adjunct Instructors eligible for reemployment to a two-year term:

Gibson-Scipio, Wanda	Nursing	Reemploy
Motyka, Carrie L.	Nursing	Reemploy

Change of Status

Eberly, Mary B., Assistant Professor of Psychology to Assistant Professor of Psychology and Acting Chairperson, Department of Psychology, effective January 1, 2003 to April 30, 2003.

Cheok, Ka Chai, Professor of Engineering to Professor of Engineering and Interim Chairperson, Department of Electrical and Systems Engineering, effective January 1, 2003.

Moore, Duane H., Assistant Professor of Education and Chairperson, Department of Curriculum, Instruction and Leadership to Assistant Professor of Education and Chairperson, Department of Education Leadership, effective December 1, 2002.

Stano, Miron, Professor of Economics and Management and Acting Chairperson, Department of Economics to Professor of Economics and Management, effective January 1, 2003.

Tracy, Ronald L., Associate Professor of Economics to Associate Professor of Economics and Interim Chairperson, Department of Economics, effective January 1, 2003.

4. Recommendation to Accept Gifts to Oakland University and the Oakland University Foundation for the Period of November 1 through December 31, 2002 and to Accept Gifts and Contracts to Oakland University for the Period of November 1 through December 31, 2002

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

5. Approval of the Meadow Brook Subdivision Financing Guarantees

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

6. Approval of Board Members for Public School Academies

WHEREAS, the Board of Directors of Dove Academy has nominated Stephen R. Tomkowiak for renewal on the board; and

WHEREAS, the Board of Directors of Dove Academy has nominated Darrell Cornelious Boyd, Gena Jo-el Daniel and Sheila Maureen Farris to fill vacancies on its board created by term expirations; and

WHEREAS, the Board of Directors of Star International Academy has nominated Afthal Fathil Alshami, Donna Marie DeFran and Husein S. Marashi to fill vacancies on the board created by term expirations; and

WHEREAS, the Board of Directors of Weston Academy has nominated Thomas Edison Terrell to fill a vacancy on the board created by term expiration; and

WHEREAS, that Stephen R. Tomkowiak, Darrell Cornelious Boyd, Gena Jo-el Daniel, Sheila Maureen Farris, Afthal Fathil Alshami, Donna Marie DeFran, Hussein S. Marashi and Thomas Edison Terrell meet the requirements of the University's Board of Trustees and applicable law; now, therefore, be it

RESOLVED, that the University Board of Trustees hereby approves Stephen R. Tomkowiak as a member of the Board of Directors for Dove Academy for a new three-year term to expire in 2006; and, be it further

RESOLVED, that the University Board of Trustees hereby approves Darrell Cornelious Boyd, Gena Jo-el Daniel and Sheila Maureen Farris as members of the Board of Directors for Dove Academy for two-year terms to expire in 2005; and, be it further

RESOLVED, that the University Board of Trustees hereby approves Afthal Fathil Alshami as a member of the Board of Directors for Star International Academy for a one-year term to expire in 2004; and, be it further

RESOLVED, that the University Board of Trustees hereby approves Donna Marie DeFran as a member of the Board of Directors for Star International Academy for a two-year term to expire in 2005; and, be it further

RESOLVED, that the University Board of Trustees hereby approves Husein S. Marashi as a member of the Board of Directors for Star International Academy for a three-year term to expire in 2006; and, be it further

RESOLVED, that the University Board of Trustees hereby approves Thomas Edison Terrell as a member of the Board of Directors for Weston Academy for a two-year term to expire in 2005; 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.

7. Approval of Honorary Degree for Ashley Bryan

RESOLVED, that the Board of Trustees authorizes the awarding of the honorary degree of Doctor of Humanities to Ashley Bryan.

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

Trustee Crissman stated that it appears that there is a high turnover of Public School Academy Board members. Ms. Sharon Abraham, Director of Public School Academies and Urban Partnerships, responded that one reason is because a number of the board members have accumulated over the last three months due to canceled Board of Trustees meetings. She also noted that it is sometimes challenging for boards to keep people committed and interested in serving on their boards because of the time and work involved.

Ms. Abraham also stated that the University just renewed contracts with many of the Public School Academies a year ago, so the schools are experiencing a transition from people who have served on the boards for five or six years. Ms. Abraham added that, in her opinion, there is no reason to be concerned about this issue.

Trustee Crissman moved, and Trustee Ann V. Nicholson seconded approval of the recommendation. The motion was unanimously approved by those present.

B. Approval of Appointment of Distinguished Professor

Dr. Moudgil stated that in 1988, the Board of Trustees created a faculty rank of Distinguished Professor. Upon recommendation of the President and the Provost, the Board of Trustees may appoint individuals to the rank of Distinguished Professor for the duration of the individual's active service at Oakland based on criteria for professorship set forth in the 1984 Oakland University Tenure and Promotion Statement. Dr. Moudgil added that a selection committee of peers recommended Professor Paul Tomboulian for approval to the Provost, who, in turn, indicated his recommendation to the President for the appointment of Distinguished Professor.

Dr. Moudgil made the following comments on Professor Tomboulian:

- Professor Tomboulian is recognized for his preeminence in University service and his long and successful commitment as a scholar and teacher. Appointed as a charter faculty member in 1959, Professor Tomboulian has made a significant contribution to the creation of Oakland University's academic programs and procedures and for research and teaching in

Chemistry and Environmental Studies. By every measure, his accomplishments merit the rank of Distinguished Professor.

- Originally appointed as the University's first Chemistry Instructor, he subsequently served as the chair of the growing Chemistry Department for 35 years, an astounding record of success. With his advocacy, the Chemistry Department's faculty, academic programs, research activities, and laboratories grew to their current level of excellence and varied non-traditional approaches. Professor Tomboulian is credited with several other "firsts": he received Oakland University's first research grant, initiated the first undergraduate research program, and introduced the first science-based environmental health major in Michigan.

- Apart from these sustained contributions, Professor Tomboulian is widely known and admired for his pioneering work in ecological studies, at the dawn of public awareness, about the hazards of toxic substances in water and air. His interdisciplinary scholarly work and teaching in analytical chemistry, biochemistry, toxicology and environmental health are inseparable from his 35 years of service in the public domain. He has served as a consultant and advisor to countless public agencies charged with developing environmental policy or assessing and correcting environmental conditions.

- By all accounts, Professor Tomboulian's enthusiasm for the application of science to the public arena is reflected in the zeal with which he approaches his teaching, as several generations of students have attested. Scores of his students have gone on to environmental careers with local, state and national agencies, companies and research institutions. Hundreds of others have incorporated environmental connections in their lives and careers.

- As a charter faculty couple, personally involved with the early days of Oakland University, Professor Tomboulian and his wife, have conducted videotape interviews with many individuals who had significant roles at the time, creating an oral history of the beginning of the University for an Oakland University chronicle project.

Dr. Moudgil presented the following recommendation for Board approval:

RESOLVED, that the Board of Trustees approves the appointment of the following Professor to the rank of Distinguished Professor upon the conditions set forth in the Board of Trustees November 16, 1988 Resolution.

New Appointment: Tomboulian, Paul, Distinguished Professor of Chemistry, effective August 15, 2003.

Trustee Doyle moved, and Trustee Crissman seconded, approval of the recommendation. The motion was unanimously approved by those present.

C. Ratification of Proposed Revision to the Constitution for the School of Nursing

Dr. Moudgil stated that the School of Nursing Constitution has been revised to reflect the necessary changes in the operation of the School of Nursing in 2003, compared to when it was last approved in 1994. He noted that most revisions are editorial in nature and are not significant in content. Dr. Moudgil noted that the substantive revisions include elimination of the Evaluation Committee and redistribution of the work of this committee to others in order to provide more efficient use of faculty services. The revisions also include a change in membership of the Nursing Committee on Appointment and Promotion from four (4) tenure and one (1) non-tenure track faculty to three (3) tenure and two (2) non-tenure track faculty. Dr. Moudgil added that the proposed Constitution has been reviewed and approved by the Office of the General Counsel.

Dr. Moudgil presented the following recommendation for Board approval:

WHEREAS, the Constitution of the University Senate as authorized by the Board of Trustees provides for certain functions to be assigned to the organized faculties of the Schools and the College of Arts and Sciences; and

WHEREAS, the Board of Trustees has acted to approve internal constitutions in order to obtain the input and recommendations of faculty, staff, and students on matters relating to programs of the University, but has retained unto itself the full authority granted to it by law; and, be further

RESOLVED, that notwithstanding any provision of the proposed constitution, the Board of Trustees reconfirms it legal authority to grant, modify and rescind internal constitutions when the Board determines such actions to be in the interest of the University or required to comply with its legal obligation; and, be it further

RESOLVED, that the Board of Trustees under the conditions set forth above authorizes the implementation of the new constitution entitled Constitution of School of Nursing, bearing a date of February 5, 2003, which document is enclosed with this agenda item.

(A copy of the revised Constitution of the School of Nursing is on file in the Board of Trustees office.)

Trustee Crissman moved, and Trustee Nicholson seconded, approval of the recommendation.

Trustee Schlaybaugh asked if there are other actions that the School of Nursing could take that are not subject to the AAUP. He specifically referred to the new paragraph 5 under Article IV, Section XVI, of the Constitution, which states that this entity will conduct its business in accordance with the AAUP. Trustee Schlaybaugh asked why there is a specific reference agreeing to do something that the University would otherwise not have to do. Mr. Zambardi responded that the new paragraph 5 is not language necessary to make the provision effective, but that it was requested by the School of Nursing. He added that since the University has bound itself by the AAUP Faculty Agreement, the language in the Nursing Constitution is redundant and there are no new obligations that the University is assuming by this change.

The motion was unanimously approved by those present.

D. Approval to Proceed with Agreement Between Oakland University and Oakland University Unified Professional Service Association – Michigan Education Association/National Education Association/ November 1, 2002 – October 31, 2005

Ms. Schaefer stated that the University and the Oakland University Unified Professional Services Association - MEA/NEA reached tentative agreement on a three-year collectively bargained Agreement on November 22, 2002. The Union ratified the agreement on December 9, 2002, with an 86% yes vote margin. Ms. Schaefer noted that the three-year contract runs from November 1, 2002 through October 31, 2005, and it includes annual salary adjustments of 3.5% in the current fiscal year, 2.9% in each of the subsequent two years, as well as a number of other adjustments to benefits and requirements under the contract.

Ms. Schaefer presented the following recommendation for Board approval:

RESOLVED, that the Board of Trustees approve the 2002-2005 Agreement between Oakland University and the Oakland University Unified Professional Service Association – Michigan Education Association/National Education Association, with the effective date of November 1, 2002 through October 31, 2005.

Trustee Doyle moved, and Trustee Schlaybaugh seconded, approval of the recommendation.

Trustee Pawley stated that the 15% increase in health costs for 2003 seems very conservative compared to what he has seen in the private sector. Ms. Schaefer replied that the Health Benefits Council, consisting of representatives from each of the collective bargaining groups and the Administrative Professional employees, agreed to some changes in their benefits plans, most notably increasing co-pays for prescription, office visits, and emergency room visits. She noted that those changes over time are expected to have an impact on health cost increases.

Trustee Schlaybaugh inquired about the overall year one dollar-over-dollar increase costs, and Ms. Schaefer replied that she does not have the year one data; however, the overall three-year increase is 3.8%.

The motion was unanimously approved by those present.

E. Approval to Refinance the 1997 Viron Project Lease and Finance the Purchase of a New E-Mail System

Ms. Schaefer called on Mr. Steve Roberts, Associate Vice-President for Finance and Administration, who stated that this item seeks Board approval for an action that would save the University approximately $250,000 over the next 52 months. He noted that the administration has been reviewing the University's debt portfolio for opportunities to save money, especially in light of the interest rate reductions in the last few years. Mr. Roberts stated that in March of 1997 the University entered into an Energy Services Agreement with Viron Corporation financed through a lease with Comerica Leasing for $8.6 million dollars at an interest rate of 5.5%. After discussion with a number of financing sources, Access Capital, GE Public Finance, Comerica Leasing, First American Equipment Finance in California, and others to determine the cheapest rate to re-finance the Viron Project Lease, Comerica Bank offered a loan proposal at 2.75%. In addition, Mr. Roberts stated that the University recently committed to purchase a new e-mail system for which financing of $526,094 is being evaluated. As a result, the University is recommending that the 1997 Viron Lease be refinanced with Comerica along with the financing for the e-mail system. Mr. Roberts added that the loan agreement would be for $5 million at 2.75% with a payoff in 52 months.

Ms. Schaefer presented the following recommendation for Board approval:

WHEREAS, the Oakland University Board of Trustees wishes to assure that the University enjoys the lowest cost financing for its projects; now, therefore, be it

RESOLVED, that the Vice President for Finance and Administration be authorized to sign a loan agreement with Comerica Bank for a borrowed amount not to exceed $5,100,000 at an annual rate of interest not to exceed 2.75% for a repayment period of 52 months for the purpose of prepaying the 1997 lease with Comerica Leasing and to provide funds to finance a new e-mail system for the University, the loan to be payable from General Revenues and secured, if deemed appropriate by the Vice President for Finance and Administration, by a pledge of General Revenues; and, be it further

RESOLVED, that the loan agreement be reviewed and approved by the Office of the General Counsel prior to execution and shall be in compliance with the law and University policies and regulations and shall conform to the legal standards and policies of the Board of Trustees.

Trustee Schlaybaugh asked if the financing is at a fixed rate, and Mr. Roberts responded that it is fixed and that it will be a General Revenue pledge.

Chair Baskin inquired how the e-mail system was previously going to be financed. Steve Roberts replied that the e-mail system can be financed internally, but the internal rate of return is higher than Comerica's 2.75%.

Trustee Schlaybaugh moved, and Trustee Pawley seconded, approval of the recommendation.

Trustee Crissman asked if there is an early payment payoff penalty, and Mr. Roberts noted that there is on the lease; however, the University would still save through financing with Comerica.

The motion was unanimously approved by those present.

F. Approval to Contract with Office Supply Vendor

Ms. Schaefer stated that in the course of regular business the University goes out and re-bids some of its major vendors. This year the Purchasing Department re-bid the office supplies vendor proposal and received a very favorable bid from Staples for a three-year contract.

Student Liaison Rhonda Hanna asked if the switch to Staples will also benefit the student organizations and individual students in their purchase of supplies. Ms. Schaefer responded that student organizations will be able to purchase office supplies from Staples at the discounted rates, but students will not be able to purchase personal supplies at those rates.

Ms. Schaefer presented the following recommendation for Board Approval:

RESOLVED, that the Board of Trustees authorizes the Vice President for Finance and Administration to approve the agreement with Staples as preferred office supply vendor for Oakland University. The agreement will be for three years with Oakland University's option to offer two possible one-year extensions; and, be it further

RESOLVED, that the agreement shall be reviewed and approved by the Office of the General Counsel prior to execution and shall be in compliance with the law and University policies and regulations and shall conform to the legal standards and policies of the Board of Trustees.

Trustee Nicholson moved, and Trustee Doyle seconded, approval of the recommendation. The motion was unanimously approved by those present.

VII. Discussion of the April 2, 2003 Board of Trustees Meeting Agenda.

Chair Baskin stated that if any Board member has additional changes or questions regarding the April 2, 2003 Board agenda, please contact the Secretary to the Board of Trustees.

VIII. Other Items that May Come Before the Board

There were no other items presented to the Board.

IX. Adjournment

Chair Baskin adjourned the meeting at 3:37 p.m.

Submitted,

Victor A. Zambardi
Secretary to the Board of Trustees

Approved,

Henry Baskin
Chair, Board of Trustees