

**Minutes of the Formal Meeting
of the
Oakland University Board of Trustees
October 6, 2004**

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

Absent: Trustee David T. Fischer

Also Present: President Gary D. Russi; Vice Presidents Susan Davies Goepp, Virinder K. Moudgil, and Mary Beth Snyder; General Counsel and Secretary to the Board of Trustees Victor A. Zambardi and Assistant Rhonda G. Saunders; and Student Liaisons David Lauber and Stefanie Marshall

I. Call to Order

Chair Penny M. Crissman called the meeting to order by teleconference at 3:05 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 Trustee David T. Fischer.

III. Action Items

A. Consent Agenda

Chair Crissman removed Item 7, Acceptance of Annual Financial Report for the Fiscal Year Ended June 30, 2004, from the Consent Agenda for further discussion. She called on Mr. Steve Roberts, Associate Vice President for Finance and Administration, to present this item.

7. Acceptance of Annual Financial Report for the Fiscal Year Ended June 30, 2004 and 2003

Mr. Roberts reported that the University received a communication from the University auditors, PricewaterhouseCoopers LLP (PwC), stating that, in accordance with the Governmental Accounting Standards Board (GASB) Technical Bulletin 2003-1, the Oakland University Financial Statements for June 30, 2003 and 2004 should be revised under the heading "Bonds Payable", Footnote 10, on page 26, to reflect that an interest rate swap intended to effectively or synthetically convert a variable rate debt to fixed rate debt should not be reported at fair market value, although the fair market value should be disclosed. Mr. Roberts noted that past accounting standards did not require that the University calculate a fair market value of the swap agreement; however, GASB changed that procedure last year, so technically this disclosure is required. He asked that the change be incorporated in the Financial Statements prior to Board acceptance, and stated that, to his knowledge, no other changes to the Financial Statements have been proposed by PwC.

Trustee Henry Baskin asked for an explanation why PwC proposed this change at this time, and how it impacts the "bottom line" for the University. Mr. Roberts replied that there is no impact on the University. The correction simply adds information to make the Financial Statements more understandable. Trustee Rex E. Schlaybaugh, Jr., Chair of the Finance, Audit and Investment Committee, explained that the Financial Statements originally delivered to the Committee did not include this language, and he determined that it was an appropriate additional disclosure. He added that he had requested this item be separated from the Consent Agenda because he thought it was important that everyone be aware of a very modest change to the Financial Statements. Trustee Schlaybaugh also reiterated that the revision does not impact University operations and that it is not unusual to have changes in footnote language.

Trustee Baskin then commented on the scope of the audit, asking if the University is complying with the Sarbanes-Oxley Act. Trustee Schlaybaugh responded that the University is in compliance, and he viewed the letter as saying PwC conducted an audit of the University's Financial Statements, which were prepared by University management, in accordance with the auditing standards generally accepted in the United States and applicable to financial audits contained in the Government Auditing Standards.

Trustee Baskin also expressed concern over the statement on page 1 that the review "is substantially less in scope than an audit in accordance with auditing standards" that are accepted by the government. Mr. Roberts explained that this language only applies to the Management's Discussion and Analysis (MD&A) and not the Financial Statements. Trustee Schlaybaugh explained that PwC is essentially saying they have not audited and validated everything in management's report beyond the Financial Statements, for example, the actual enrollment figures or the Oakland Center addition costs. Trustee Baskin asked how the Board then would protect itself, and Trustee Schlaybaugh replied

that it would protect itself through an unqualified opinion from PwC that the numbers reported on the Financial Statements are fair and accurate in all material respects.

Trustee Baskin then inquired how extensive the PwC audit is, for example, page 2 of the Supplemental Financial Schedules shows a cash and pooled investments amount of \$25,873,876 for 2004. Trustee Schlaybaugh replied that the amount is on the University's assets and balance sheet, which PwC audited and determined fairly presents the financial position of the University.

Trustee Baskin asked if the balance of the Board members are satisfied that the proper auditing safeguards are in place, and they responded that they are satisfied. Trustee Schlaybaugh and Mr. Roberts noted that PwC requires a management representation letter that attests to the accuracy of the Financial Statements and that all disclosure has been made. Trustee Baskin requested that a copy of that letter be provided to the Board.

At this time, Chair Crissman asked for a motion to accept the Annual Financial Report. Trustee Schlaybaugh, seconded by Trustee Nicholson, moved approval of the following recommendation:

RESOLVED, that the Board of Trustees accept the Annual Financial Report for the year ended June 30, 2004, which was audited by the public accounting firm of PricewaterhouseCoopers, LLP.

(A copy of the Annual Financial Report for the year ended June 30, 2004 is on file in the Board of Trustees Office.)

The motion was approved with six affirmative votes and one negative vote by Trustee Baskin.

Chair Crissman then presented the following recommendations:

1. Approval of the Minutes of the Formal Meeting of June 2, 2004

2. Approval of University Personnel Actions

New Appointments, effective August 15, 2004

Flumerfelt, Shannon R., Assistant Professor of Education (\$48,000.00) (new appointment filling a newly authorized position).

Larrabee, Timothy G., Assistant Professor of Education (\$50,000.00) (new appointment filling a newly authorized position).

Reygaert, Wanda C., Assistant Professor of Medical Laboratory Sciences (\$55,000.00) (new appointment filling a newly authorized position).

Roytek, Margaret A., Assistant Professor of Education (\$48,000.00) (new appointment filling a vacant authorized position).

Switzer, Anne T., Assistant Professor, University Library (\$40,000.00) (new appointment filling a newly authorized position).

Wells, Caryn M., Assistant Professor of Education (\$49,000.00) (new appointment filling a newly authorized position).

Administrative Appointments

Tower, John E., Interim Dean, School of Business Administration, effective August 15, 2004 (\$90,000) pursuant to the Employment Agreement between Dr. John E. Tower and Oakland University that was reviewed and approved by the Office of the General Counsel.

Department Chairs

<u>Department</u>	<u>Chair</u>	<u>Term</u>
Linguistics	Peter J. Binkert	August 15, 2004- August 14, 2007 (6 th term)
Political Science	John S. Klemanski	August 15, 2004 - August 14, 2007 (1 st term)
Psychology	Robert S. Stewart, Jr.	August 15, 2004- August 14, 2005 (extension)

Emeritus Appointments

Tombouliau, Paul, Distinguished Professor Emeritus of Chemistry, effective August 14, 2004.

Change of Status

Benken, Babette M., from Visiting Instructor in Education to Assistant Professor of Education, effective August 15, 2004.

Connellan, William W., from Associate Professor of Journalism and Associate Dean for Community Programs, College of Arts and Sciences, to Associate Professor of Journalism, effective August 15, 2004.

Gilbert, Holly Shreve, from Visiting Special Instructor in Journalism to Adjunct Instructor in Journalism, effective August 15, 2004.

Grudzien Jr., Thaddeus A., from Associate Professor of Biological Sciences to Associate Professor of Biological Sciences and Acting Chairperson, Department of Biological Sciences, effective August 15, 2004.

Moore, Kathleen H., from Professor of Chemistry to Professor of Chemistry and Associate Dean, College of Arts and Sciences, effective August 15, 2004.

Piskulich, C. Michelle, from Associate Professor of Political Science to Associate Professor of Political Science and Associate Dean, College of Arts and Sciences, effective August 15, 2004.

Slavin, Andrei N., from Professor of Physics and Interim Chairperson, Department of Physics to Professor of Physics and Acting Chairperson, Department of Physics, effective August 15, 2004.

Stano, Miron, from Professor of Economics and Management and Interim Dean, School of Business Administration to Professor of Economics and Management, effective August 15, 2004.

Sullivan, Jennifer A., from Instructor in French to Assistant Professor of French, effective August 15, 2004.

Thompson, Kristine A., from Special Instructor in Physical Therapy to Special Instructor in Physical Therapy and Program Director, Physical Therapy, effective July 16, 2004.

Wiggins, Jacqueline H., from Professor of Music and Interim Chairperson, Department of Music, Theatre and Dance to Professor of Music and Acting Chairperson, Department of Music, Theatre and Dance, effective August 15, 2004.

Williams, Joanne L., from Professor of Medical Laboratory Sciences to Professor of Medical Laboratory Sciences and Program Director, Medical Laboratory Sciences, effective August 15, 2004.

Corrections

Special Instructors eligible for reemployment with job security, effective August 15, 2004 (previously reported as reemployment to a final two-year probationary term as special instructor):

Baker, Susan G.	Rhetoric, Communication & Journalism	Reemploy
Becker, Patricia Anne	Rhetoric, Communication & Journalism	Reemploy
Eis, Andrea	Art & Art History	Reemploy
Haar, Catherine	Rhetoric, Communication & Journalism	Reemploy
McCloskey, Linda L.	English	Reemploy
Zeppelin, Mary F.	Teacher Development & Education Studies	Reemploy

3. Appointment of Dean for the School of Health Sciences

RESOLVED, that the Board of Trustees appoint Dr. Kenneth R. Hightower to the position of Dean for the School of Health Sciences and continue his appointment as Professor of Health Sciences with tenure, effective September 15, 2004, at an initial salary of \$115,000, in accordance with the terms and conditions of the Employment Agreement between Dr. Kenneth R. Hightower and Oakland University.

(A copy of the Employment Agreement between Dr. Kenneth R. Hightower and Oakland University is on file in the Board of Trustees Office.)

4. Approval of Honorary Degree for Elmore Leonard

RESOLVED, that the Board of Trustees awards the honorary degree of Doctor of Humanities, Honoris Causa, to Elmore Leonard.

5. Approval of Recommendation of Final Undergraduate and Graduate School Reports dated June 23, 2004

(A copy of the Final Undergraduate and Graduate School Reports dated June 23, 2004 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 of Detroit** nominated Mary Voisin for reappointment to a three-year term to expire on November 1, 2007; and

WHEREAS, the Board of Directors of **Nsoroma Institute** nominated Dr. Whitney Woods for reappointment to a three-year term to expire on November 1, 2007; and Desiree Ferguson to fill a vacancy created by term expiration for a three-year term to expire on November 1, 2007; and

WHEREAS, the Board of Directors of **Academy of Michigan** nominated Mauricio Mickam and Miriam Dixon for reappointment to three-year terms to expire on November 1, 2007; and Ollette Boyd and Maria C. Weaver to fill vacancies created by term expirations for three-year terms to expire on November 1, 2007; and

WHEREAS, Mary Voisin, Dr. Whitney Woods, Desiree Ferguson, Mauricio Mickam, Miriam Dixon, Ollette Boyd and Maria C. Weaver 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 Mary Voisin for reappointment to the Board of Directors for Dove Academy of Detroit, for a three-year term to expire on November 1, 2007; and, be it further

RESOLVED, that the Oakland University Board of Trustees hereby approves Dr. Whitney Woods for reappointment to the Board of Directors for Nsoroma Institute for a three-year term to expire on November 1, 2007; and Desiree Ferguson as a member of the Board of Directors for Nsoroma Institute for a three-year term to expire on November 1, 2007; and, be it further

RESOLVED, that the Oakland University Board of Trustees hereby approves Mauricio Mickam and Miriam Dixon for reappointment to the Board of Directors of Academy of Michigan for three-year terms to expire on November 1, 2007; and Ollette Boyd and Maria C. Weaver as members of the Board of Directors for Academy of Michigan for three-year terms to expire on November 1, 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.

8. Recommendation to Accept Gifts to Oakland University and the Oakland University Foundation for the Period of July 1 through August 31, 2004, and to Accept Grants and Contracts to Oakland University for the Period of July 1 through August 31, 2004

(A copy of the Gifts, Grants and Contracts Report is on file in the Board of Trustees Office.)

9. Approval of Meadow Brook Subdivision Financing Guarantee

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

10. Approval of East Campus Telecommunications Network Project

RESOLVED, that the Vice President for Academic Affairs and Provost is authorized to purchase the necessary project management, installation of services, backbone copper and fiber infrastructure, and InterTel Phone System components necessary to improve the east campus telecommunications network, with a budget not to exceed \$229,979; and, be it further

RESOLVED, that all contracts will be reviewed and approved by the University's Office of Purchasing and Risk Management or the Office of the General Counsel, as appropriate, prior to execution and will be in compliance with the law and University policies and regulations and will conform to the legal standards and policies of the Board of Trustees.

Trustee Nicholson, seconded by Trustee Baskin, moved approval of the Consent Agenda. The motion was unanimously approved by those present.

B. Approval of Resolution Honoring Henry Baskin

Trustee Pawley stated that Trustee Henry Baskin's term as Chair of the Oakland University Board of Trustees concluded at the August 4, 2004 meeting. Trustee Pawley moved approval of the following recommendation:

WHEREAS, Trustee Henry Baskin's term as Chair of the Oakland University Board of Trustees concluded at the August 4, 2004 meeting of the Board; and

WHEREAS, Trustee Baskin has served two terms as Chair of the Board of Trustees, from September 11, 2002 to August 4, 2004; and

WHEREAS, Trustee Baskin has also served the Board as a member of the Finance and Personnel Advisory Committee, University Affairs Advisory Committee, Ad Hoc Budget Process Committee, and Oakland Center Expansion Project Selection Committee, contributing his knowledge and insight, and expending much time on the responsibilities associated with all of those duties; and

WHEREAS, Trustee Baskin currently serves on the President's Campaign Council; and

WHEREAS, Trustee Baskin has spent countless hours coordinating the Board's activities, promoting trustee to trustee communication at Board meetings, and attending and addressing numerous student functions; and

WHEREAS, Trustee Baskin's leadership as Chair of the Board resulted in Oakland University's participation in the State's SmartZone program, Thomas M. Cooley Law School providing legal education on the Oakland University's campus, and the continuation of programming at Meadow Brook Theatre; and

WHEREAS, with Trustee Baskin's leadership as Chair of the Board major capital improvements were completed or are continuing, including the School of Nursing laboratory, the Oakland Center Expansion, O'Dowd Hall Classroom improvements, and Meadow Brook Hall renovations and repairs; and

WHEREAS, Trustee Baskin's leadership and support also aided in keeping tuition and fee increases as low as possible during a time of dramatic economic change, while maintaining a firm commitment to the integrity of Oakland University's core educational experience; and

WHEREAS, Trustee Baskin has generously contributed to the fiscal and academic wellbeing of Oakland University through the establishment of the Henry Baskin Expendable Scholarship Fund for students from single parent households and through his creation and support of the Judaic Studies Program; and

WHEREAS, Trustee Baskin has provided valuable assistance in Oakland University's relationship with the Governor, the Legislature and other governmental entities; now, therefore, be it

RESOLVED, that the Board of Trustees, President Gary D. Russi, and the entire Oakland University community publicly express their deep appreciation and gratitude to Trustee Henry Baskin for the dedicated service he has rendered as Chair of the Board of Trustees; and, be it further

RESOLVED, that the Board of Trustees wishes to recognize Trustee Baskin's outstanding service as Chair and as a Board member through the adoption of this resolution; and, be it further

RESOLVED, that a copy of this resolution be provided to Trustee Baskin to convey the esteem in which he is held by the Board of Trustees, the President, and the University community.

Trustee Muchmore seconded the motion. Trustee Baskin thanked the Board for their recognition and stated that it was an honor and a labor of love to serve as Chair of the Board of Trustees. The motion was unanimously approved by those present.

C. Authorization to Proceed with Capital Projects

President Gary D. Russi stated that at its August 4, 2004 Formal Meeting, the Board resolved that all new, and approved but not yet commenced, capital projects be held in abeyance for 90 calendar days, except for those emergency capital projects as determined and authorized by the President. He noted that the Board took such action due to the uncertainty of the State budget, which has now been resolved.

President Russi presented the following recommendation for Board approval:

RESOLVED, that the 90 calendar day stay on new, and approved but not yet commenced, capital projects is lifted, and such capital projects may proceed and commence forthwith.

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

IV. Other Items that May Come Before the Board

There were no other items presented to the Board.

VI. Adjournment

Chair Crissman adjourned the meeting at 3:47 p.m.

Submitted,

Approved,

Victor A. Zambardi
Secretary to the Board of Trustees

Penny M. Crissman
Chair, Board of Trustees