Minutes of the Meeting
of the
Oakland University Board of Trustees
December 7, 1995

Present: Chairman David T. Fischer; Trustees David J. Doyle, Ann V. Nicholson, Louis R. Ross, Rex E. Schlaybaugh, Jr., and James A. Sharp, Jr.

Absent: Trustees David Handleman and Howard F. Sims

I. Call to Order

Chairman David T. Fischer called the meeting to order at 3:15 p.m. in the Shotwell-Gustafson Pavilion of the Meadow Brook Health Enhancement Institute. He noted that some of the trustees toured the facility prior to the meeting, and that Dr. Ronald E. Olson, Dean of the School of Health Sciences, will introduce a report later in the meeting on the programs offered by the Institute.

Chairman Fischer commented that the agenda format has been revised so that the advisory committee chairs can present items that have been reviewed and recommended by their respective committees. The new format will emphasize the work that is done in the committees, encourage trustee-to-trustee communication, streamline Board meetings, and eliminate the need to "re-review" items recommended by the advisory committees.

II. Roll Call

Ms. Susan Gerrits, General Counsel and Secretary to the Board of Trustees, conducted a roll call. All Board members were present except Trustees David Handleman and Howard F. Sims. She noted that a quorum was present.

III. Interim President's Report

Interim President Gary D. Russi reported the following information:

- Mr. Paul L. Franklin, Ms. Kimberley A. Carlsen, and Ms. Marilyn R. Broderick were recognized as Employees of the Month for September, October, and November respectively.

- David and Kathleen Lewis have made two major gift commitments to the university. Mr. Lewis serves as the Chair of the Oakland University Foundation Investment and Gift Policy Committee and is a former trustee and an alumnus of Oakland. The first gift of $100,000 is to establish an endowed scholarship for deserving students from the City of Detroit in the name of Mr. Lewis' parents, Dorothy and Walton Lewis. The second gift, a deferred commitment of another $100,000, will be used to establish Oakland's first endowed distinguished professorship program titled the "Dorothy and Walton Lewis Distinguished Professorship in Community Service." It will offer an annual award of $5,000 to a deserving faculty member who has worked to make the community a better place to live.

- Telephone registration was launched in November for a three-day trial. It was extremely successful with over 5,200 calls and 3,100 students registering for classes. Telephone registration will be offered to all students starting in March of 1996 for the spring, summer, and fall semesters.

- The National League for Nursing has reaccredited the School of Nursing Program for a period of eight years. The League recognized the high-quality baccalaureate and master programs at Oakland.

- Dr. Venkat N. Reddy, Professor of Biomedical Sciences and Director of the Eye Research Institute, and Dr. Karl D. Gregory, Professor of Economics and Management in the School of Business Administration, will receive the recognition of Distinguished Professorship in their respective fields for their significant contributions and accomplishments in teaching, scholarship, and service. They are two of a total of only seven such Distinguished Professors at Oakland.

- The Oakland University Center - Birmingham will open this week at Groves High School. Beginning in the winter 1996 semester, the Master of Business Administration Degree Program will be offered there.

- Thanks to the generous support of the Oakland University Foundation and the American Council for the Teaching of Russian, the College of Arts and Sciences and the Department of Modern Languages and Literatures is hosting a resident consultant during this academic year. Professor Elena Shchepina, from the University of St. Petersburg, is working with the faculty in the department to help strengthen Oakland's Russian program.

- The Office of Placement and Career Services reports that the number of employers recruiting on campus was up 53 percent during the 1994-95 fiscal year compared to the 1993-94 fiscal year. This fall that number increased another 9 percent with 22 new employers recruiting at Oakland. Some of the new employers are Ernst & Young Management Consulting, EDS Accounting and Finance Department, Perot Systems, and Pepsi Cola.

- There is a new homepage on the Internet for the Office of Placement and Career Services, which has already received over 300 hits. It will vastly expand the career services provided to the students.

- A Co-operative Education Coordinator position has been developed to work with students in co-op and internship placements with business and industry throughout the region.

- Early registration numbers for the winter 1996 term are up 6 percent from one year ago.

IV. Consent Agenda

Chairman Fischer presented the following recommendations:

A. Approval of the Minutes of the Meeting of October 5, 1995

B. University Personnel Actions

Change of Status

Boelter, Karl, from Associate Professor of Music and Chairperson, Department of Music, Theatre, and Dance, to Associate Professor of Music, effective December 20, 1995

Burdick, Harvey, from Professor of Psychology, to Professor of Psychology and Acting Chairperson, Department of Psychology, effective October 23, 1995, through December 20, 1995

Gregory, Karl D., from Professor of Economics and Management, to Distinguished Professor of Economics and Management, effective December 7, 1995

Halsted, Carol E., from Professor of Dance, to Professor of Dance and Chairperson, Department of Music, Theatre, and Dance, effective January 3, 1996, through August 14, 1998

Khapoya, Vincent B., from Professor of Political Science, to Professor of Political Science and Chairperson, Department of Political Science, effective December 7, 1995, through August 14, 1997

Macauley, William A., from Associate Professor of Political Science and Chairperson, Department of Political Science, to Associate Professor of Political Science and Associate Dean, College of Arts and Sciences, effective December 7, 1995

Minor, Billy Joe, from Associate Professor of Education, to Associate Professor of Education and Acting Chairperson, Department of Human Resource Development, effective April 29, 1996, through June 21, 1996 (Supersedes previous Board action of August 3, 1995 which appointed Mr. Minor as Acting Department Chairperson for the winter 1996 semester.)

Reddy, Venkat N., from Professor of Biomedical Sciences and Director, Eye Research Institute, to Distinguished Professor of Biomedical Sciences and Director, Eye Research Institute, effective December 7, 1995

Sevilla, Michael D., from Professor of Chemistry, to Professor of Chemistry and Acting Associate Dean, College of Arts and Sciences, effective August 15, 1995, through August 14, 1996 (Mr. Sevilla will remain in the faculty group because this is a part-time position.)

Waters, Elinor B., from Associate Professor of Education, to Associate Professor of Education and Acting Chairperson, Department of Human Resource Development, effective August 31, 1995, through April 25, 1996 (Supersedes previous Board action of August 3, 1995, which appointed Ms. Waters as Acting Chairperson for the Fall, 1995 semester.)

<u>Leaves with No Pay</u>

Kulwicki, Anahid, Associate Professor of Nursing, leave from January 3, 1996, through April 25, 1996 (with no pay) (Professor Kulwicki has been granted a Fulbright Scholarship to study cardiovascular risk factors in a select population of Jordanians in Amman, Jordan.)

<u>Sick Leaves</u>

Jacobs, Sheila M., Assistant Professor of Management Information Systems, sick leave from October 6, 1995, through December 20, 1995 (with full pay)

Lowy, David G., Associate Professor of Psychology and Chairperson, Department of Psychology, sick leave from October 23, 1995, through December 20, 1995 (with full pay)

Parameswaran, Ravi, Professor of Marketing and Management Information Systems, sick leave from October 13, 1995, through December 20, 1995 (with full pay)

C. Recommendation to Accept Gifts and Grants to Oakland University and the Oakland University Foundation for the Periods of August 1 through August 31, 1995, and September 1 through September 30, 1995

D. Workers' Compensation Redemption

The following resolution was submitted for Board approval:

RESOLVED, that the university's General Counsel is authorized to settle the workers' compensation claim filed by Ms. Deborah Davis in accordance with the terms proposed in the confidential memorandum from the General Counsel dated October 23, 1995, and distributed to the Board.

E. Approval of Tax Deferred Retirement Annuity Plan

The following resolution was submitted for Board approval:

RESOLVED, that the university retirement plan be amended by the addition of the following:

The university retirement plan shall comply with Internal Revenue Code Section 401(a)(17) and its accompanying regulations, relating to compensation limits on which plan contributions may be made.

This amendment shall be effective for all plan years beginning after December 31, 1995.

Chairman Fischer, seconded by Trustee Rex E. Schlaybaugh, Jr., moved approval of the consent agenda. The motion was unanimously approved by those present.

V. Finance and Personnel Advisory Committee Report

Trustee Schlaybaugh, Chairman of the Finance and Personnel Advisory Committee, reported on the following items that were reviewed and recommended by the advisory committee:

A. Approval of Audited Financial Statements for the Fiscal Year Ended June 30, 1995

Trustee Schlaybaugh stated that the committee met on November 13, 1995, with the university's auditors from Coopers and Lybrand and representatives of the Finance and

Administration Division and reviewed draft financial statements for presentation to the full Board. He noted that a year ago the committee asked the administration to view the Finance and Personnel Advisory Committee as an audit committee and to present draft financial statements to them for review and comment. Trustee Schlaybaugh stated that the committee requested minor changes to the statements, which have been incorporated in the final form.

Trustee Schlaybaugh moved approval of the following resolution:

RESOLVED, that the Board of Trustees accept the following financial statements which were audited by the public accounting firm of Coopers & Lybrand:

1. Oakland University Report on Audit of Consolidated Financial Statements for the years ended June 30, 1995, and 1994.

2. Oakland University Report on Audit of Financial Statements and Supplementary Information for the year ended June 30, 1995.

Trustee James A. Sharp, Jr. seconded the motion for approval of the recommendation. The motion was unanimously approved by those present.

B. Approval of Oakland University Katke-Cousins Golf Course 1996 Budget

Trustee Schlaybaugh stated that the golf course routinely has approximately 30,000 rounds of golf a year. It is one of the most popular assets on campus, and the Director, Mr. Bill Rogers, is doing a fine job in administering that asset for the university. Trustee Schlaybaugh noted that the budget assumes revenues over expenditures of $44,180, based on projected revenues of $1,234,400. He noted that the committee has reviewed the budget and recommends it to the full Board for approval.

Trustee Schlaybaugh moved approval of the following resolution:

RESOLVED, that the Board of Trustees accepts the Katke-Cousins Golf Course Budget for the year ending December 31, 1996, with a budgeted net income of $44,180 and an expenditure level of $1,190,220; and, be it further

RESOLVED, that any expenditure level in excess of the approved amount that is not funded by a direct revenue increase must have the prior approval of the Interim President or his designee and these amounts shall be reported on a periodic basis to the Board of Trustees.

Trustee Sharp seconded the motion for approval of the recommendation.

Student Liaison Garrick B. Landsberg commented on student concerns with the golf course that were raised at the November committee meeting. He noted that since that meeting, students were surveyed on the services they have received at the golf course, and he and several student golfers met with Mr. Rogers to discuss the survey results. Mr. Landsberg commented that the golf course is very involved in promoting student life on campus and that Mr. Rogers and his staff have been very helpful and cooperative in addressing those issues.

Trustee Sharp, after reviewing the agendum format for this item, requested that future agendums contain at least one line or more of text on the second page for identification purposes of the item.

Trustee Ann V. Nicholson inquired about the purpose and goal for the golf course reserve fund. Mr. Bissonnette responded that a strategy was adopted last year to set aside approximately three months worth of operating budget over a five-year period as a reserve fund. He noted that the administration is slightly ahead of target for the second year of the program, and that the intent is to achieve approximately $350,000 in five years. Trustee Schlaybaugh added that the reserve fund is not only for the golf course, but for all of the operating auxiliaries. It is a matter of financial planning to have a reserve to cover operations for three months in case of an emergency.

The motion was unanimously approved by those present.

VI. University Affairs Advisory Committee Report

Trustee Louis R. Ross, Chairman of the University Affairs Advisory Committee, reported on the following item that was reviewed and recommended by the advisory committee:

A. Approval of Schematic Plans for the Recreation and Athletic Center

Trustee Ross stated that the full advisory committee met on November 1, 1995, and that committee members thoroughly discussed the schematic plans for the Recreation and Athletic Center. He noted the following concerns of the committee:

1. Adequate parking spaces to accommodate the center parking should be a major consideration. Options for reconfiguring parking were discussed, and Trustee Ross requested specific opinions regarding whether the proposed parking would be sufficient.

2. The estimated project cost of $34,072,500 is over budget by 2.5 percent or $840,000. The committee concurred that the administration must attempt to contain the project within the proposed budget. However, if the proposed budget

cannot be met, there are other alternatives to utilize in meeting budgetary needs. The committee asked the design architects, TMP Associates, to provide a recommended plan for implementation to prevent cost overruns during construction and that construction decisions be made in a timely manner to maintain cost control.

3. The compatibility of the exterior surface of the existing Lepley Sports Center and that of the new structure was discussed.

4. The durability of the skylights over the pool area and whether they would require more maintenance due to leakage and harsh weather conditions was discussed. The skylights were recommended by the committee, but a separate cost estimate for their installation versus other alternatives was requested.

Trustee Ross introduced Mr. David Larson of TMP who highlighted the schematic plans for the center with the aid of a slide presentation and a project model. During his presentation, Mr. Larson noted that the skylights over the pool area will provide diffused natural light eliminating glare problems and decreasing a need for the use of artificial light during the day.

Mr. Larson explained that parking for the facility will be accommodated primarily in three areas: (1) an expansion of the Varner lot to be completed for fall 1996, (2) reconfiguration of parking behind Lepley around the Central Heating Plant to be completed for fall 1998 when the Recreation and Athletic Center opens, and (3) expansion and reconfiguration of the lots adjacent to O'Dowd Hall and the small dormitories to be completed for fall 1999. These parking projects will result in over 400 new spaces, well in excess of the 250 space need identified by the parking consultant.

Mr. Larson responded to the question of exterior context of the two buildings, noting that the building will have a "sympathetic brick plaiding" to blend with the existing building.

The following resolution was recommended for Board approval:

RESOLVED, that the Vice President for Finance and Administration be authorized to proceed with the completion of design consistent with project scope, budget, and the schematic design as presented to the Board on this date and on file with the Secretary of the Board of Trustees; to solicit competitive bids from prequalified contractors; and to execute a contract for the construction of the Recreation and Athletic Center; and, be it further

RESOLVED, that the contracts shall be reviewed by the Office of General Counsel prior to execution and shall conform to all university policies; and, be it further

RESOLVED, that the total cost for the project including design, construction, project management, and equipment shall not exceed $34,072,500 to be funded from the proceeds of the tax exempt bond issued in June 1995 and fund raising.

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

Trustee Schlaybaugh asked if the Board is approving the final design plans with this resolution, and Trustee Ross replied that the Board is approving the design plans conceptually, but that there will be further detail decisions to be made by the Board.

Trustee Sharp inquired what the Board can next expect to make judgments on, and Mr. Bissonnette responded that the exterior finishes and more detailed design, including the parking proposal will be presented at the February Board meeting. He also clarified for Trustee Sharp that upon Board approval, the recommendation will authorize an expenditure not to exceed $34,072,500 for the building.

Trustee Schlaybaugh stated that the commitment of the resources for the center will undoubtedly commit the university's athletic programs from a programmatic standpoint. For example, the 3,000 seat arena would not allow Oakland to switch to Division I Basketball. Trustee Schlaybaugh asked if the future athletic program plans coincide with the Athletic Director's anticipated needs of the Athletic Department. Mr. Bissonnette replied that representatives from the Athletic Department co-chaired the committee and that Mr. Jack Mehl, the new Athletic Director, has played an integral role in the program plans and is very supportive of the program as outlined.

Trustee Sharp expressed concern about the Board not being able to monitor compliance with appropriate Board policies in the areas of expenditures and contract requirements during the construction process. Chairman Fischer and Trustee Ross assured Trustee Sharp that the committee will diligently monitor the project.

Trustee Schlaybaugh stated that the center is an important building for the university and a key element in moving forward with the Strategic Plan. He asked that the Board be involved in decisions that may significantly change the building due to funding concerns. Chairman Fischer asked Mr. Bissonnette to address the financial options for the building if it goes over budget. Mr. Bissonnette stated that the 2 percent, or $840,000, over budget is not unusual in a project of this size. He noted that two estimating firms recently supported that amount. Mr. Bissonnette stated that, in case there are difficult market conditions at the time of the bidding process, the university is addressing the budget issue by prioritizing those items that might be reduced without significantly altering the project. They would not be included in the bid documents, but would be used if necessary during negotiations with the low bidder. Mr. Bissonnette stated that more discreet measures will be taken that will deal with issues such as additive and deductive alternates.

He noted that if those that occurs, the appropriate Board committees will be informed.

Chairman Fischer added that the context of the recommendation is in total compliance with current university policy and that it is consistent with the project, scope, budget, and schematic design. He asked Mr. Bissonnette to explain the penalty that Oakland would have to pay if the project was delayed. Mr. Bissonnette responded that the issue is two-fold: First, the target for opening of the building is in the fall of 1998, and the administration promised not to charge students until they actually have use of the facility. If the fall opening were missed, the university would experience a $2 million shortfall in revenues from student fees and the mortgage payments would still be due. Second, the university has a very limited duration on the tax-exempt Bond Fund. The project is currently on schedule for closing with the three-year bond requirement for expenditure of the funds. Delays of any kind at this point would push the university over that threshold.

Trustee Schlaybaugh moved an amendment to the last paragraph of the resolution to read as follows:

> RESOLVED, that the total cost for the project including design, construction, project management, and equipment shall not exceed $34,072,500 to be funded from the proceeds of the tax exempt bond issued in June 1995, fund raising or such other amounts as the Board deems appropriate and available.

Trustee Sharp seconded the motion, which was unanimously approved by those present.

Upon a vote on the recommendation as amended, there were five affirmative votes, constituting a quorum, and one negative vote by Trustee Sharp, who stated that he supports the project but not the process for accomplishing it as described in the resolution.

VII. Reports from the University Administration

A. Report on the Meadow Brook Health Enhancement Institute

Dr. Olson reported that the Meadow Brook Health Enhancement Institute is an integral part of the School of Health Sciences. He noted that the Institute provides students and faculty clinical skills and research opportunities in Exercise Science and Physical Therapy. The Institute also sponsors six graduate assistants in Exercise Science annually.

Dr. Olson introduced Dr. Fred Stransky, Director of the Meadow Brook Health Enhancement Institute and Associate Professor with tenure in the Exercise Program. Dr. Stransky stated that the Institute was first opened in 1986, but that the programs really date back 18 years ago when they were initiated in the Lepley Sports Center. He noted that the biggest program offered at the Institute is the Primary Prevention Program, where people are thoroughly evaluated by an internist or a family practice physician, including a physical, electrocardiography, pulmonary studies, and underwater weighing. Subsequent to the three-hour evaluation, participants return for a thorough consultation with a physician or staff member to discuss the evaluation results and recommendations. The Primary Prevention Program was recently evaluated by one corporation to be at a higher level in terms of completeness and educational components as similar programs at the Mayo and Cleveland Clinics. Program participants include alumni, students, faculty, administrators, and people in the community. The largest corporate client is Chrysler, followed by ITT.

Dr. Stransky reiterated Dr. Olson's statement that the academic contribution of the Institute to the university is demonstrated in the clinical opportunities provided for students in the School of Health Sciences. Graduate students in Health Sciences learn more about such fields as electrocardiography, blood study problems, and counseling. In addition, the Institute trains 36 physicians a year from around the country in the prevention of chronic degenerative disease. The Institute was the first in the state to offer the secondary prevention programs for cardiac rehabilitation.

Dr. Stransky invited the trustees to participate in the Primary Prevention Program and then introduced Mr. John Modetz, Chairman of the Meadow Brook Health Enhancement Institute Advisory Board, formulated in May of this year. Mr. Modetz, Owner and Funeral Director of Potere-Modetz Funeral Home in Rochester, commented on his personal experiences with the Institute. He commended the Institute for the thorough evaluation and consultation he received and noted the sincere concern and support offered by Dr. Stransky and the staff. He concluded by stating that he views the Advisory Board as a financial association that will improve growth and financial contributions to the Institute and the university.

Mr. Modetz introduced another member of the Advisory Board, Mr. William Potere. Mr. Potere stated that when the Advisory Board was formed, one of the missions was to inform the community on what the Institute has to offer. Therefore, the first "Fitness and Health Expo" will be held in March of 1996. It is expected that the expo will attract several thousand people interested in healthy living alternatives. He stressed the importance of offering these programs to the community.

Chairman Fischer thanked the three gentlemen for their reports on the Institute and added that he supported the efforts of the Advisory Board to aid the growth of the Institute.

B. Risk Sharing Facility Annual Financial Report and Risk Management Report

Ms. Catherine R. Lark, Director, Risk Management and Contracting, reported that Oakland University has completed its eighth year in the Michigan Universities Self-Insurance Corporation (M.U.S.I.C.) program with very favorable results and significant operational breakthroughs. She noted the following highlights of Oakland's experience with M.U.S.I.C. for the past year:

- M.U.S.I.C.'s surplus increased by almost $2,250,000 in 1995. This was attributable principally to improvements in loss experience and favorable investment results. Net income of $2,600,000 was realized due to underwriting income of about $1,750,000 with investment income contributing an additional $850,000. The improvement in underwriting income was caused by lower than anticipated claims development compared to conservatively established reserves.

- Oakland's general liability and umbrella coverages were renewed this year with a modest increase of 1.7 percent. The errors & omissions (E&O) premium, including the excess E&O policy, decreased 27 percent.

- Oakland's property premium increased by 27.3 percent over last year due to several factors: First, Oakland received a premium increase from the property carrier of about 4 percent. Second, Oakland's property values increased about 21 percent, primarily due to the Science and Engineering Building. Oakland received an additional 2 percent premium increase based on fluctuation in other members' premiums. Since M.U.S.I.C.'s deductible is funded 100 percent by the members, a decrease in premium by one school is offset by increases to the other schools.

- The combined auto liability and physical damage program was renewed with a decrease in premium of 11.7 percent. Oakland is in the second year of a workers' compensation agreement; premiums did not change. The non-owned aircraft premium increased 6.24 percent for a premium of $2,840.

- M.U.S.I.C determined this year that it would be beneficial to engage an independent consultant to conduct an operational audit. It hired the firm of Towers Perrin/Tillinghast to undertake a study coordinating its strategic planning activities with operations and administration. The Tillinghast report is due in December.

- M.U.S.I.C. also recognized that in order for any program to be implemented successfully, appropriate controls and measures must be developed and managed. Ms. Lark had the opportunity to chair a task force this past year whose assignment was to analyze the services provide by M.U.S.I.C. professional firms and to outline key performance criteria.

These standards will be utilized as tools for measuring the effectiveness of contract providers and will continue to be modified in the future to insure consistency with M.U.S.I.C.'s corporate direction. Ultimately the accountability provided by these controls will guarantee that M.U.S.I.C.'s service firms are in true partnership with M.U.S.I.C. both philosophically and operationally.

- M.U.S.I.C. is also prepared to revise its strategic plan in 1997; its current plan covers the period of time from 1992 through 1997.

- Administrative expenses were 9 percent of gross periodic payments and premiums, and this continues to compare favorably with other insurance pools.

- Oakland University maintains a reserve fund to meet its retention or deductible obligations in general liability, errors & omissions, and property programs. Due to the excellent claims history, Oakland released about $53,000 from this fund for the year ending June 30, 1995, with $24,500 of it designated for auxiliary functions.

Trustee Ross requested that the Board be informed annually on the usage of non-owned aircraft by university personnel. He stated that the report does not have to be presented at a Board meeting, but that it should be provided to the trustees for their information.

C. Affirmative Action Status Report

Mr. Edward S. Perez, Acting Director of Equal Opportunity, reported that on December 1, 1995, the Detroit News published an article addressing the issue of minority hiring at the University of Michigan, Wayne State University, and Oakland University. He noted that Oakland faired quite well in the article, which utilized information from the Affirmative Action Status Report. In the article, UofM reported minority faculty at 15.1 percent, WSU reported minority faculty at 19.8 percent, and OU reported minority faculty at 19.5 percent. In addition, WSU was noted to be "one of the leaders in comparison to the Big 10 and a leader among the Urban 13 (schools)."

Mr. Perez stated that the article indicated that Oakland University's hiring of faculty classified as "Other Minorities" (Hispanics, Asian/Pacific Islanders, and Native Americans) rose from 35 in 1990 to a present level of 48 (a 37 percent increase over the last five years), and African American faculty rose from 16 in 1990 to a present level of 25 (a 56 percent increase from 1990).

Trustee Schlaybaugh, seconded by Trustee Ross, moved adjournment of the meeting. The motion was unanimously carried by those present. The meeting adjourned at 4:22 p.m.

Submitted,	Approved,
Susan Gerrits	
Susan Gerrits	David T. Fischer
General Counsel and	Chairman
Secretary to the Board of Trustees	Board of Trustees