

**Minutes of the Special Formal Session
of the
Oakland University Board of Trustees
June 25, 2008**

Present: Chair Dennis K. Pawley; Vice Chair Jacqueline S. Long; and Trustees Henry Baskin, Penny M. Crissman, Monica E. Emerson, and Ganesh V. Reddy

Absent: Trustees David T. Fischer and Ann V. Nicholson

Also Present: President Gary D. Russi; Senior Vice President Virinder K. Moudgil; Vice Presidents John W. Beaghan, Susan Davies Goepf, Mary Beth Snyder, and Mary L. Otto; Vice President and Secretary to the Board of Trustees Victor A. Zambardi and Executive Legal Secretary Carolyn Moss Hogan; and Student Liaison Samir R. Hanna

A. Call to Order

Chair Dennis K. Pawley called the meeting to order at 2:07 p.m. in the Auditorium of Elliott Hall of Business and Information Technology.

B. Roll Call

Mr. Victor A. Zambardi, Vice President for Legal Affairs, General Counsel and Secretary to the Board of Trustees, conducted a roll call and all of the Board members were present except Trustees David T. Fischer and Ann V. Nicholson.

C. Consent Agenda for Consideration/Action

Consent Agenda

Minutes of the Board of Trustees Formal Session of May 7, 2008

Acceptance of Gifts and Pledges to Oakland University for the Period of April 1 through May 31, 2008

RESOLVED, that the Board of Trustees accept the gifts and pledges to Oakland University identified in the attached Gifts and Pledges Report, Attachment A, for the period April 1 through May 31, 2008.

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

Acceptance of Grants and Contracts to Oakland University for the Period of April 1 through May 31, 2008

RESOLVED, that the Board of Trustees accept grants and contracts to Oakland University identified in the attached Grants and Contracts Report, Attachment A, for the period of April 1 through May 31, 2008.

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

Trustee Penny M. Crissman, seconded by Trustee Monica E. Emerson, moved approval of the Consent Agenda, and the motion was unanimously approved by those present.

D. New Items for Consideration/Action

Authorization of Four Corners Montessori Public School Academy

Dr. Virinder K. Moudgil, Senior Vice President for Academic Affairs and Provost, called on Mildred C. Taylor, Director of Public School Academies/Urban Partnership, who presented the Authorization of Four Corners Montessori Public School Academy recommendation as set forth in the agenda item.

WHEREAS, the Michigan Revised School Code of 1976, as amended, permits the Board to authorize the establishment from time to time of public school academies meeting the requirements of the Board and the requirements of applicable law; and

WHEREAS, on October 5, 1995, the Board approved the Oakland University Policy on Public School Academies and Criteria for the Evaluation of Applications; and

WHEREAS, on May 2, 2007, the Board approved an amendment of the Criteria for the Evaluation of Applications; and

WHEREAS, the University has received the Academy's application requesting that the Board authorize the Academy as a public school academy; and

WHEREAS, the University has determined it is in the best interest of the University and the State of Michigan to authorize the Academy as a public school academy; now therefore, be it further

RESOLVED, that the application submitted by the Academy meets the requirements of the Board and of applicable law, and, be it further

RESOLVED, that the Board approves the application of the Academy; and, be it further

RESOLVED, that the Board appoints the initial Board of Directors for the Academy identified in Attachment D attached hereto; and, be it further

RESOLVED, that the University administration shall negotiate and finalize an agreement to organize and administer a public school academy with the Academy, in a form that incorporates the standardized requirements of the Michigan Department of Education and with such provisions as shall be required or authorized by the Revised School Code of 1976 as amended; and, be it further

RESOLVED, that and the term of the agreement to organize and administer a public school academy with the Academy shall expire no later than June 30, 2018; and, be it further

RESOLVED, that the agreement to organize and administer a public school academy shall be reviewed and approved by the Office of the Vice President for Legal Affairs 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 Vice President for Legal Affairs and General Counsel.

(A copy of Attachment D is on file in the Board of Trustees Office.)

After discussion, Trustee Crissman, seconded by Trustee Jacqueline S. Long, moved approval of the recommendation, and the motion was approved with five positive votes with Trustee Ganesh V. Reddy abstaining.

Investment of Postemployment Benefits Reserves

Mr. John W. Beaghan, Vice President for Finance and Administration, called on Cheryl R. Verbruggen, Assistant Vice President and Controller, who presented the Investment of Postemployment Benefits Reserves recommendation as set forth in the agenda item.

WHEREAS, the University's reserve for postemployment benefits is currently invested according to the University's Pooled Cash Investment Policy with primarily a short-term to intermediate-term investment strategy; and

WHEREAS, the University's reserve for postemployment benefits is an asset used to fund a long-term liability, and therefore should be invested as a long-term asset; now, therefore be it

RESOLVED, that the Board of Trustees authorizes the Vice President for Finance and Administration to transfer the reserve for postemployment benefits into a quasi-endowment fund to be invested with the endowment funds with an appropriate long-term focus; and, be it further

RESOLVED, that the University will annually contribute budgeted funds to the quasi-endowment fund to be invested and to cover current year costs, and on an annual basis, funds will be distributed from the quasi-endowment to the Retirement and Insurance Fund to fund actual postemployment benefit expenditures.

After discussion, Trustee Reddy, seconded by Trustee Long, moved approval of the recommendation, and the motion was unanimously approved by those present.

Office Supply Agreement

Mr. Beaghan called on Steve W. Roberts, Assistant Vice President for Finance, who presented the Office Supply Agreement recommendation as set forth in the agenda item.

WHEREAS, the Board of Trustees wishes to ensure appropriate cost savings measures through periodically rebidding the University's preferred office supplies vendor; and

WHEREAS, the Detroit Pencil Company has been determined through a competitive bidding process to be the lowest qualified bidder for office supplies to the University; now, therefore, be it

RESOLVED, that the Board of Trustees authorizes the Vice President for Finance and Administration to enter into an agreement with Detroit Pencil Company as preferred office supply vendor for the University for three-years with two one-year extensions at the University's option; and, be it further

RESOLVED, that the agreement will be reviewed and approved by the Office of Legal Affairs and General Counsel 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 Vice President for Legal Affairs and General Counsel.

After discussion, Trustee Henry Baskin, seconded by Trustee Crissman, moved approval of the recommendation, and the motion was unanimously approved by those present.

General Fund Budget and Tuition Rates for Fiscal Year 2009

Mr. Beaghan presented the General Fund Budget and Tuition Rates for Fiscal Year 2009 recommendation as set forth in the agenda item.

WHEREAS, the FY2009 Proposed General Fund Budget and Schedule of Tuition Rates Effective Fall Semester 2008 require Board of Trustees approval; now, therefore, be it

RESOLVED, that the Board of Trustees approves the FY2009 General Fund Budget at an expenditure level of \$175,043,579 (see Attachment B for detail) and approved encumbrances and carry-forwards from the June 30, 2008 fund balance; and, be it further

RESOLVED, that the Board of Trustees approves the Schedule of Tuition Rates Effective Fall Semester 2008 (see Attachment C for detail); and, be it further

RESOLVED, that the Board of Trustees approves the spending of General Fund revenues generated from any enrollment in excess of that budgeted to adequately cover the instructional, programmatic and operating expenditures necessary to support higher than budgeted enrollment levels; and, be it further

RESOLVED, that the Board of Trustees approves expenditures of excess appropriations received to benefit students by upgrading classrooms and laboratories.

(A copy of Attachments B and C are on file in the Board of Trustees Office.)

Chair Pawley stated that the General Fund Budget and tuition rates were thoroughly discussed at the earlier Finance, Audit and Investment Committee ("Committee") meeting and is being brought forward with the Committee's recommendation. He noted that the proposed 6.3% tuition increase is really 5.3% when one considers that the Board recently approved rolling all non-mandatory fees into tuition that were equal to about 1% of tuition. He also noted that the Committee recommends amending the last proposed resolution in the proposed action item as follows:

RESOLVED, that the Board of Trustees approves holding in reserve excess appropriations received above budget until the administration determines there will be no mid-year appropriation reduction. Upon such determination, the excess appropriations received shall be used to upgrade classrooms and laboratories. The administration shall consult with student body leadership before determining which classrooms and laboratories are to be upgraded.

Chair Pawley explained that the assumption is that this year's State appropriation will not increase over last year's, even though there are Legislative proposals to increase State appropriations from 1½ to 3%. However, given the state of the State's economy, an increase in State appropriations seems unlikely. If Oakland's appropriation were to be increased, then the additional appropriations over budget

would be held in reserve until the financial realities of the entire fiscal year become clear, most probably next spring. Once the administration is confident that the State's economic situation has not deteriorated and that the appropriation will not be held back or reduced by an Executive Order, then the excess would be used for the benefit of the students by improving classrooms and laboratories. Chair Pawley emphasized that strategy and that the Board will not pass those earmarked appropriations on to the students in the form of tuition rebates or otherwise. In the budgetary process, the administration has postponed improvements to classrooms and laboratories that were planned because the administration does not believe Oakland will get the level of increased State appropriations being discussed by the Legislature. Our student liaison asked the Committee to have student input into which classrooms and laboratories will be improved and the Committee supports that request.

Chair Pawley continues saying that the last thing anyone wants to have happen is that the excess appropriations are spent, and then the State withholds payments like they did a year ago forcing the University to make mid-year budget cuts. This University has already cut to the bone and we have been using contingencies and reserves to run the University. We cannot allow cuts to undermine the quality of the education being delivered to students. We are going to be conservative in our approach and budget that way, unlike other universities in the State who have announced tuition increases raging anywhere from 5½ to 8% assuming they will receive a 3% increase in State appropriations. If the State cannot support those universities at that level, they will be forced to increase tuition again. Unless the State cuts our appropriation there will be no further tuition increases in 2008.

Student Liaison Samir Hanna expressed the student's appreciation for the administration's and the Board of Trustees' efforts to keep tuition low, especially in comparison to the tuition increase that was required last year. He also thought students will appreciate that they will have input on which classrooms and laboratories will be improved if the State funds appropriations over the University's budget.

Trustee Crissman acknowledged that the University is upgrading some laboratories now, but thinks it is vitally important that additional improvements be made if the University is lucky enough to receive an increase in appropriations from the State. Trustee Crissman supported the Committee's recommendation.

Trustee Emerson stated she was also in agreement. She thinks one of the most insightful things that she has done since becoming a member of this Board was to take a tour of some laboratories because the curbside view of this University is awesome, so beautiful, that one would expect that it just carries through to each classroom and laboratory and that's the way it should be, because that would be a service to the students.

Trustee Baskin stated that this University has been operated by the administration as one of the best bargains in education in Michigan. We maintain the bargain, but we also maintain the quality. The sad note is that Oakland University is almost the lowest funded university by the State among all the public universities. We have had a long hard fight to get the State to acknowledge Oakland and they will acknowledge it in the future, but we must consider the State's downward economic trend that has not changed in years. We need to ask two things, that we pay more attention to the Legislature and their priorities. We must understand that unless we as a collective voice say something about privatizing the correction system and taking it out of the State budget we are going to be losing a lot more than State appropriations for education. That is what we discussed in Committee, and I am certain that this Board and this administration is doing everything they can to cut costs. If you look at the permanent reduction of almost \$8 million dollars over the last four years, permanent reduction to costs, you have to applaud that.

After discussion, Trustee Baskin, seconded by Trustee Emerson, moved approval of the amended motion. The motion, as amended, was unanimously approved by those present.

E. Other Items for Consideration/Action that May Come Before the Board

F. Adjournment

Chair Pawley adjourned the meeting at 3:02 p.m.

Submitted,

Approved,

Victor A. Zambardi
Secretary to the Board of Trustees

Dennis K. Pawley
Chair, Board of Trustees