Minutes of the Meeting
of the
Oakland University Board of Trustees
December 4, 1997

Present: Chairman Rex E. Schlaybaugh, Jr.; Trustees Henry Baskin, David J. Doyle, David T. Fischer, Louis Grech-Cumbo, and James A. Sharp, Jr.

Absent: Trustees Ann V. Nicholson and Dennis K. Pawley

I. Call to Order

Chairman Rex E. Schlaybaugh, Jr. called the meeting to order at 3:05 p.m. in the Gold Rooms of the Oakland Center.

II. Roll Call

Ms. Susan Gerrits, General Counsel and Secretary to the Board of Trustees, conducted a roll call vote. All Board members were present except Trustees Ann V. Nicholson and Dennis K. Pawley.

III. President's Report

President Gary D. Russi reported the following information:

- Mr. Len Brown was recognized as the November Employee of the Month.

- A Product Development and Manufacturing Center (PDMC), has been created in the School of Engineering and Computer Science (SECS) to establish Oakland as an internationally recognized leader in automotive product engineering and development, manufacturing education, and research and application.

  President Russi then called upon Dr. Michael P. Polis, Dean of SECS, to describe the PDMC. Dr. Polis reported that in order to improve a manufacturing enterprise, it must continuously strive to modify its business processes, technology, and employee capabilities. If any of these three components change, the others have to respond appropriately. Otherwise there may be unexpected and undesirable consequences. In recognition of this dynamic, SECS, in collaboration with Deloitte & Tousche Consulting Group, has established the PDMC. The focus of PDMC is to study how companies can become more competitive through the introduction of new technologies, modification of business practices, and employee training and education. The PDMC consists of a computing infrastructure which will allow companies to evaluate how changes will affect their enterprises. Dr. Patrick Dessert, SECS Assistant Professor, is the Director of the PDMC, which is located on the seventh floor of the Science and Engineering Building. The Center includes a collaborative effort between Oakland University and various companies that will become PDMC partners. The PDMC partners are asked to provide both the monetary contribution and the time of one or more of their employees. Deloitte & Tousche Consulting has agreed to contribute $375,000 during an initial three-year start-up period to help support Ph.D. research assistantships. Dr. Polis stated that the university is currently negotiating with several companies, including Sun Microsystems, Silicon Graphics, and Hewlett Packard, for over $1 million worth of computer hardware for the center. The total hardware and software packages will be worth over $2 million.

- During the Fall 1998 opening of the Recreation and Athletic Center, the men's basketball team will compete against Michigan State University at a home game. MSU has a historical tie with Oakland University, and this event will help the institution to usher in a new era of intercollegiate athletics.

- During a Strategic Plan update on the Minority Student Recruitment Team, Mr. Glenn McIntosh, Director, Office of Equity, reported that the team was one of the original teams established during the Oakland University Process Redesign initiative in 1994. The team was cross-functional consisting of both faculty and staff members, and its purpose was to assess and make recommendations on a minority student recruitment and retention process. Mr. McIntosh noted that a six-step problem solving model was used, along with benchmarks from other Michigan universities and colleges, to formulate the recommendations. He referred to a handout provided to the trustees, noting 10 recommendations and actions that resulted from the process. Mr. McIntosh stated that the process review did make a difference, noting the following two recommendations of great impact: (1) The first recommendation states that the university should emphasize the recruitment and enrollment of high achieving students of color. The corresponding action included the institution of the Oakland University Trustee Academic Success Scholarship Program to attract students from all racial and ethnic backgrounds and to encourage cross-cultural communication. (2) The second recommendation states that the university should develop a recruitment and marketing plan for students of color. The corresponding action included the hiring of Mr. Robert Johnson, Associate Vice President for Enrollment Management and Director of Admissions, who has established a university-wide recruitment and marketing plan that includes a plan for students of color. As a result, enrollment of African American and Latino students has increased.

- Trustee Ann Nicholson has been elected for a one-year term as Treasurer of the Michigan Association of Governing Boards of State Universities.

- Mr. Paul E. Bissonnette, Vice President for Finance and Administration, presented the Board members with a memento of the bond offerings for the past five years.

IV. Consent Agenda

Chairman Schlaybaugh presented the following recommendations:

A. Approval of the Minutes of the meeting of October 9, 1997

B. University Personnel Actions

New Appointment

Ramalingham, Suresh C., Assistant Professor of Engineering, effective August 15, 1997 ($54,000) (New appointment filling a vacant authorized position)

C. Recommendation to Accept Gifts and Grants to Oakland University and the Oakland University Foundation for the Periods of August 1 through August 31, 1997, and September 1 through September 30, 1997

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

V. Investment Advisory Committee Report

In the absence of Trustee Dennis K. Pawley, Mr. Bissonnette reported on the November 3, 1997, Investment Advisory Committee meeting. Mr. Bissonnette stated that Mr. Dale Embry, First Vice President, and Mr. Jeffrey Kern, Portfolio Manager, of First Chicago NBD, attended the committee meeting, reviewed the performance of the pooled cash portfolio, and reported that the performance of all three segments of the university's investment outperformed their benchmarks.

A. Adding an Equity Component to the University's Pooled Cash Investments

Mr. Bissonnette stated that this recommendation is to diversify the pooled cash portfolio to include equities that will improve performance without increasing risk. The committee recommended investing up to 25 percent of the pooled cash in equities within the NBD family of investments.

Trustee James A. Sharp, Jr., seconded by Trustee Louis Grech-Cumbo, moved approval of the following recommendation:

WHEREAS, the university's Investment Policy on Pooled Cash does not contain a provision and guidelines for equities investments; and

WHEREAS, the university's Pooled Cash Fund would benefit from adding a longer term investment component; now, therefore, be it

RESOLVED, that the Investment Policy on Pooled Cash (as revised December 2, 1993) be amended by adding a final section entitled "Investment Guidelines - Equity Income" containing the following guidelines:

Funds eligible for investment in equity income securities have been identified by the university as having at least a five-year investment horizon. The investment objective of the equity income portfolio is to provide a total return over a market cycle greater than short and intermediate term fixed income instruments with higher income and lower volatility than the equity market. It is expected that the total return over a five-year moving period shall exceed the return of the Lipper Equity Income Index.

The following guidelines are to be followed in the selection of financial instruments to be used in the equity income portfolio:

- Investments will be made primarily in income producing equity securities of domestic issuers which pay above average dividends, yet offer opportunities for capital appreciation and growth of earnings.

- Up to 25% of value of the portfolio may be invested in equity securities of foreign issuers.

- Investments may be made a) in securities convertible into common stock, such as certain bonds and preferred stocks; b) up to 5% in other types of securities having common stock characteristics (such as rights and warrants to purchase equity securities); c) up to 5% in lower-rated convertible securities; d) in futures contracts and related options; e) in options and other derivative instruments such as equity index swaps.

- Under normal market conditions, at least 65% of the value of total investments shall be made in equity securities. Up to 35% of total investments may be held in cash equivalents and debt securities rated investment grade or higher at the time of purchase or unrated investments deemed to be of comparable quality.

Trustee Fischer asked for clarification on subsection (e) of the third guideline for financial instrument selection, which reads "in options and other derivative instruments such as equity index swaps." He noted that he is not comfortable with that language, since it is a short-term pooled cash investment strategy with no percent limitation on the university's investments in derivative instruments. Mr. Bissonnette stated that if the statement was deleted from the recommendation, it would impact the university's investments and equities in The Common Fund. He added that most of the investments are going to have a small number of derivatives based on the very nature of the kinds of investments that they are making. There is no intent to invest in any large way in derivatives, but it is almost impossible to devoid derivatives from any investment portfolio. Mr. Bissonnette stated that he could review the matter with NBD to determine a reasonable percentage for derivative investments. Trustee Fischer suggested that the Investment Advisory Committee should review the issue. Chairman Schlaybaugh recommended Board approval of the resolution, since the language is a current part of the policy, with a directive to the Investment Advisory Committee to evaluate that question and return to the full Board with a recommendation.

The motion was approved with five affirmative votes and one abstention by Trustee Henry Baskin.

B. Investments of Campus Facilities Reserves

Chairman Schlaybaugh stated that this recommendation deals with the transfer of the Plant Fund Reserve from the Plant Fund to the Endowment Fund to be invested in other than the Pooled Income Fund. He asked Mr. Bissonnette to highlight the background of the Plant Fund. Mr. Bissonnette stated that the Plant Fund currently has $3.3 million in reserve for maintenance and replacement. Those Plant Fund reserves are invested within the Pooled Cash Fund, which are, by definition, short-term investments and which earn substantially less than the university's endowments held in The Common Fund. Because this is intended to be a quasi-endowment, and not a short-term investment, it makes more sense from an investment standpoint to move the reserve fund into The Common Fund, where the earnings have been in excess of 20 percent per year versus 5 percent earnings in the Plant Fund. Mr. Bissonnette reported that the university and the Investment Advisory Committee are recommending that the reserve funds be moved into The Common Fund to generate additional resources for deferred maintenance.

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

WHEREAS, the university's reserve for campus facilities represents an endowment for the purpose of funding deferred maintenance; and

WHEREAS, the university's reserve for campus facilities is now invested in a short term pool with a correspondingly low return; now, therefore, be it

RESOLVED, that the Vice President for Finance and Administration be authorized to transfer the reserve for campus facilities from the Plant Fund to the Endowment Fund; and, be it further

RESOLVED, that the funds representing the campus facilities fund be invested as endowment funds with an appropriate long term focus; and, be it further

RESOLVED, that the total return from the investment of these funds be first applied to enhance the corpus to the extent of the Higher Education Price Index (HEPI) for that year and the balance of the investment return for that year may be expended for the specific purposes for which the fund is now used.

Chairman Schlaybaugh expressed two concerns regarding the proposal. The first dealt with the fact that since The Common Fund is primarily an equity-based investment, there may be risk involved when the reserve fund is transferred into The Common Fund to meet the university's deferred maintenance obligations. Chairman Schlaybaugh based his concern on the cyclicality of the market against a fixed income guaranteed return. Mr. Bissonnette concurred with that concern, but stated that throughout the past 10 year history of The Common Fund, there was only one year where it earned as low as 3 percent. He commented that The Common Fund earned 24 percent this past year, 17.8 percent over the past 5 years, and 13.8 percent over the past 10 years. Those figures support the positive opportunity that the university could have through investing with The Common Fund.

Chairman Schlaybaugh asked how the Plant Fund originated, and Mr. Bissonnette stated that about 8 years ago, when the state changed their accounting standards, they rolled over funds from one year to the next resulting in a $4 million "windfall" for Oakland, which is now represented by the $3.3 million in Plant Fund reserves.

Chairman Schlaybaugh stated that his second concern is whether there is any reason to place the reserve fund of the Plant fund in the Endowment Fund, rather than retaining it as a separate identifiable Plant Fund. Mr. Bissonnette responded that The Common Fund is acting as a quasi-endowment that does not change the nature of those funds, since they are movable and can be used for any purpose the Board chooses. Chairman Schlaybaugh commented that he saw no reason to move the Plant Fund to an Endowment Fund by name, because of the purpose the reserve fund serves for deferred maintenance or for other projects such as strategic initiatives of the Creating the Future program.

Trustee Fischer inquired about whether there was a Board action that created the reserve account when the university received the $4 million from the state. Mr. Bissonnette replied that he was not aware if Board action was taken, but he would be happy to check the records on that matter and respond to that question at a later date.

In order to avoid confusion that the reserve funds are endowment funds, Chairman Schlaybaugh recommended an amendment to the resolution striking the words "transfer" and "from the Plant Fund to the Endowment Fund" in the first resolved phrase and replacing them with "invest" and "in The Common Fund." Trustee Sharp recommended deleting the second resolved which also refers to the endowment fund.

Chairman Schlaybaugh moved approval of the following amendment to the recommendation:

> RESOLVED, that the Vice President for Finance and Administration be authorized to invest the reserve for campus facilities in the Common Fund; and, be it further

Trustee Grech-Cumbo seconded the motion for approval of the recommendation. The motion was unanimously approved by those present.

The following amended original recommendation was unanimously approved by those present:

> WHEREAS, the university's reserve for campus facilities represents an endowment for the purpose of funding deferred maintenance; and
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> WHEREAS, the university's reserve for campus facilities is now invested in a short term pool with a correspondingly low return; now, therefore, be it
>
> RESOLVED, that the Vice President for Finance and Administration be authorized to invest the reserve for campus facilities in The Common Fund; and, be it further
>
> RESOLVED, that the total return from the investment of these funds be first applied to enhance the corpus to the extent of the Higher Education Price Index (HEPI) for that year and the balance of the investment return for that year may be expended for the specific purposes for which the fund is now used.

VI. Finance and Personnel Advisory Committee Report

In the absence of Trustee Ann V. Nicholson, Chair of the Finance and Personnel Advisory Committee, Trustee Grech-Cumbo reported that the committee met on November 7, 1997, and recommended the following items for review and approval by the full Board.

A. Approval of Audited Financial Statements for the Fiscal Year Ended June 30, 1997

Trustee Grech-Cumbo reported that Mr. James R. Wilbert and Ms. Cheryl Soper, of the Coopers & Lybrand public accounting firm, presented the results of the 1996-97 Audited Financial Statements to the committee. They reported that the audit was performed smoothly and did not reveal any significant problems.

Trustee Grech-Cumbo moved approval of the following recommendation:

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 Audits of Consolidated Financial Statements for the years ended June 30, 1997, and 1996.

2. Oakland University Report on Audit of Financial Statements and Supplementary Information for the year ended June 30, 1997.

Trustee Fischer seconded the motion for approval of the recommendation. The motion was unanimously approved by those present.

Chairman Schlaybaugh stated that it is his understanding that, based on the Board policy requiring rotation of auditing firms, Coopers & Lybrand has completed their tenure as the university's independent auditors. He extended the Board's appreciation for the fine performance of Coopers & Lybrand and thanked Mr. Wilbert, an OU alum, for his dedication on behalf of the university.

B. Approval of 1998-99 Operating Budget Request for Submission to the Executive Office of the State of Michigan

Trustee Grech-Cumbo stated that each fall the university is given the opportunity by the state to submit its request for annual operating needs for the following year. While this report is not required by the state, the university believes that submission of the report presents an opportunity to communicate the continuing objectives of Oakland to the control agencies. Oakland is submitting four Program Revision Requests which represent a total need for increased funding in 1997-98 of $7,425,000. The requests are seeking support for the Work-Learn Center, Technology Enhancements, Diversity Student Scholarships, and Enhancement of Services to Students with Disabilities. The non-programmatic requests sought by the university are for an employee compensation increase and a 3 percent provision for inflation in non-compensation costs totaling $2,812,000. The university has submitted the request noting that it would not receive Board of Trustees consideration until the December 4, 1997, Board meeting.

Trustee Grech-Cumbo moved approval of the following recommendation:

> RESOLVED, that the Board of Trustees supports the submission, by the Vice President for Finance and Administration, of the attached materials to the Department of Management and Budget, State of Michigan, as representative of the university's budget needs and program priorities for the university's 1998-99 fiscal year.
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> (The attachment is filed in the Board of Trustees Office.)

Trustee Fischer seconded the motion for approval of the recommendation. The motion was unanimously approved by those present.

C. Approval of Oakland University Katke-Cousins Golf Course 1998 Budget

Trustee Grech-Cumbo reported that the 1998 Katke-Cousins Golf Course budget includes a $1 greens fee increase; a $2 golf cart rental fee increase; a repair and reserve account budget of $159,143 ($140,300 to fund capital projects, and $18,843 to fund repairs); the employment of an assistant golf professional to enhance customer service; and the purchase of a point of sale software package for the Pro Shop. The golf course budget assumes an excess of revenues over expenditures of $18,843, based on projected revenues of $1,506,616. It also incorporates a transfer of funds to the General Fund to cover administrative overhead costs of $69,635.

Trustee Grech-Cumbo moved approval of the following recommendation:

> RESOLVED, that the Board of Trustees accepts the Katke-Cousins Golf Course Budget for the year ending December 31, 1998, with a budgeted net income of $18,843 and an expenditure level of $1,487,773; and be it further
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> 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 President or his designee and these amounts shall be reported on a periodic basis to the Board of Trustees.

Trustee David J. Doyle seconded the motion for approval of the recommendation. The motion was unanimously approved by those present.

D. Delegation of Authority to Set Fees

Trustee Grech-Cumbo stated that this resolution is designed to give Oakland University's administration the flexibility to repackage fees to more closely align educational costs to the services provided to off-campus students and to provide customized credit programming to user groups in a timely and responsive manner. Providing credit offerings statewide allows the university to reach new audiences and to increase the number of credit students served by Oakland University while increasing the recognition of Oakland University's contribution to higher education in Michigan. The ability to meet the educational programming needs of government and business in an expeditious manner will highlight Oakland University as a responsive provider of quality education. Providing customized offerings for business and industry serves the needs of the community while building partnerships that expand new opportunities for research and student education. Providing cost effective programs to primary and secondary schools increases Oakland's visibility among potential students and demonstrates Oakland's commitment to quality education at the K-12 level in Michigan.

Trustee Grech-Cumbo moved approval of the following recommendation:

> RESOLVED, that with respect to fees to be assessed for credit instruction in the limited circumstance described below, the President be authorized, for the period of one year with a report to the Board following that period, (1) to modify the amount of any existing standard Board-approved fee; (2) to determine that any standard Board-approved fee is not applicable; and (3) to establish an additional fee or fees; and be it further
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> RESOLVED, that this delegation of authority shall be limited to the following circumstance:
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> > In the case of a self-supporting credit course or a self-supporting group of credit courses customized to meet the needs of and offered for a business, government, or non-profit entity; and be it further
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> RESOLVED, that in taking any such actions on fees, the President shall be guided by the need to link university costs with fees assessed in a fair and equitable manner and the need to make the university's credit offerings accessible to students.

Trustee Sharp seconded the motion for approval of the recommendation.

There was a general discussion regarding the establishment and expansion of fee structures. Chairman Schlaybaugh commented that this issue received extensive committee consideration and that it was initially proposed as a much broader application. He noted that the resolution balances the competitive need for fee structure flexibility while it requires the President to present a report to the Board in a year on its impact. Another important factor is that the credit courses will be self-supporting and not subsidized by the university.

The motion was unanimously approved by those present.

E. Proposal to Amend the Meadow Brook Subdivision Loan Guarantee Policy

Trustee Grech-Cumbo reported that on September 9, 1981, the Board of Trustees approved a Loan Guarantee Policy for the Meadow Brook Subdivision to address issues of interim construction financing, long-term first mortgage financing on new homes, and the resale of existing homes at some later time on land owned by the university and leased to the homeowner. That policy requires a 20% down payment on any home purchased in the subdivision. At the time the policy was approved, the university had made a substantial financial commitment to the development of the subdivision. The 20% down payment requirement served to confirm the financial viability of the buyer as well as substantiate the buyer's commitment to follow through on the new home construction process. Since the policy was first approved, financial institutions have expanded their mortgage practices beyond conventional loans to include a variety of other financing arrangements, many of which require smaller down payments. The current Board policy prohibits potential subdivision homeowners the opportunity to take advantage of any non-conventional mortgages; and, as a result, the university is recommending that it be amended.

Trustee Grech-Cumbo moved approval of the following recommendation:

> WHEREAS, the university has extended eligibility for subdivision home ownership to all full-time university employees for the purpose of expanding interest in home purchases, eliminating rental properties, and improving resale value; and
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> WHEREAS, the current Board policy on loan guarantees for subdivision homes was adopted at a time when conventional mortgages with 20% down payment were required to confirm the financial viability of buyers, many of whom were building homes on subdivision lots; and
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> WHEREAS, financial institutions have expanded their mortgage practices to include a variety of other financial arrangements beyond conventional loans; and
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> WHEREAS, current potential home buyers in the subdivision have access to such non-conventional mortgages; and

WHEREAS, the current homeowners' insurance requirements in new mortgages have expanded to include coverage beyond fire insurance; now, therefore, be it

RESOLVED, that the Board of Trustees amend paragraphs 1 and 5 of the current Meadow Brook Subdivision Loan Guarantee Policy to read:

1. The loan application for long-term financing cannot exceed 90% of the value of the home, based on competent appraisal. The requirement for an appraisal may be waived by the Vice President for Finance and Administration if the valuation of the home is determinable by other means (such as recent transactions for the same or comparable homes). In the case of new construction loans, the loan amount cannot exceed 90% of the estimated construction cost.

5. In all cases where the university guarantees a loan, the university will deduct from the employee's pay, amounts equal to the mortgage payments and required escrow payments for fire insurance and property taxes. The homeowner will carry fire insurance at least equal to the university's interest in the home. The insurance shall be of a type deemed suitable by the university, and carried with a company approved by the university. The homeowner will carry insurance to fully insure the structure according to the conventional homeowner's insurance policies existing at the time of renewal and that insures the structure at its full replacement value; and

BE IT FURTHER RESOLVED, that all other provisions of the Meadow Brook Subdivision Loan Guarantee Policy shall remain unchanged.

Trustee Doyle seconded the motion for approval of the recommendation.

Trustee Sharp questioned the purpose of changing the loan amount from 80 to 90 percent of the value of the home. Trustee Grech-Cumbo responded that the same question was addressed at the committee meeting where it was reported that since the university owns the Meadow Brook Subdivision property, there is a liability in cases where the homes are not sold. If the homes are not sold, they have to be rented or leased. Dr. Mary Beth Snyder, Vice President for Student Affairs, stated that there are currently five rental homes that are unsold. According to the Meadow Brook Subdivision Loan Guarantee Policy, the university is obligated to buy those homes back if they cannot be rented.

Trustee Sharp expressed concern that the purchasers are required to have their mortgage payments deducted from their pay. He stated that he viewed this practice as reflecting a lack of trust in the homeowners' capabilities to pay their bills, and noted that payroll deductions were discontinued with welfare families some time ago. Mr. Bissonnette stated that since the university is a guarantor of those mortgages, it has a direct vested interest in those monthly mortgage payments. In addition, because only one banking institution does business now with the university relative to the sale and financing of the homes, the assurance of payment is an important consideration and protection for both the university and the bank. Trustee Baskin added that the issue is the fact that the university guarantees the loans and needs the assurance that the guarantee will be met. As the third party guarantor, the university is responsible for covering the payments of nonpaying tenants and must seek repayment from them. Trustee Sharp noted that the mortgages will always require a guarantee because the land will always be owned by the university.

While he did not wish to amend the resolution, Trustee Sharp requested that the issue on payroll deduction of mortgage payments be reviewed at the committee level.

The motion was unanimously approved by those present.

VII. University Affairs Advisory Committee Report

Trustee Doyle, Chair of the University Affairs Advisory Committee, reported that the committee met on November 12, 1997, and recommended the following items for review and approval by the full Board.

A. Approval of Subsequent Members of Boards of Directors for Public School Academies

Trustee Doyle reported that the Board of Trustees is the authorizing body for six public school academies. Part of the Board's oversight responsibility is the approval of the initial Boards of Directors of each of the academies and, when there are vacancies created, the approval of those replacements. Several of the university's public school academies are now seeking to fill vacancies on their Boards. (The lists of nominees are attached as Exhibits A, B, and C to this set of minutes.)

Trustee Doyle moved approval of the following recommendation:

WHEREAS, the Board of Trustees of Oakland University is the authorizing body of certain public school academies; and

WHEREAS, the public school academies wish to have the Board of Trustees select members for their Boards of Directors; and

WHEREAS, the public school academies have submitted lists of potential members in accordance with their Articles of Incorporation; now, therefore, be it

RESOLVED, that the Board hereby approves the nominees as recommended in Exhibits A, B and C to this Resolution and appoints as members of the Boards for each public school academy the individuals so indicated.

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

B. Oakland University Kresge Library Automated System

Trustee Doyle stated that Kresge Library currently has an automated system that is becoming increasingly outdated, cumbersome, and costly. The university has researched the changes needed to accommodate students in the most cost-effective manner. As a result, the university is recommending a move to the Voyager Automated System of Endeavor Information Systems, Incorporated.

Trustee Doyle moved approval of the following recommendation:

WHEREAS, the NOTIS library automated system used by the Kresge Library and other DALNET members is no longer adequate to meet the Library's needs; and

WHEREAS, the cost to migrate to a new system shared with other DALNET members is not competitive; and

WHEREAS, a stand alone automated library system offers advantages in terms of flexibility, adaptability and especially, quality of service, that are not available in a shared system; and

WHEREAS, evaluations determined that the Voyager System of Endeavor Information Systems Incorporated best meets the university's needs; now, therefore, be it

RESOLVED, that the Board of Trustees authorizes the President or the Vice President for Academic Affairs and Provost to enter into an agreement with Endeavor Information Systems for the purchase of the Voyager software and services, and to purchase the hardware required to operate the Voyager System at a combined cost not to exceed $623,200.

Trustee Sharp seconded the motion for approval of the recommendation.

Chairman Schlaybaugh asked for an explanation of the technology fund. Mr. Bissonnette replied that it is actually a part of the President's Contingency Fund. President Russi added that two years ago a $500,000 technology fund was established within the base budget and approved by the Board. It is designed to provide opportunities to integrate technology with educational services. One year ago all of the technology fund monies were allocated to the faculty to demonstrate the application of technology in their classrooms. This year, as proposed in the library recommendation, a large portion of the fund is allocated to support the Voyager Automated System. Chairman Schlaybaugh requested that, in the future, information on funds of this nature should specify the special designation that they fall under.

The motion was unanimously approved by those present.

Recreation & Athletic Center Snack Bar/Deli Contract

Trustee Doyle reported that the new Recreation & Athletic Center is designed to house a 720 square foot snack bar on the main floor of the recreation side of the facility. On August 4, 1997, the university sent out a Request for Quotation to six snack bar/deli operators in the Rochester area. An additional proposal was provided to Club Cappuccino, Inc., upon request. The proposal asked the vendors to propose a light menu operation that focused on health food options. Trustee Doyle stated that interviews, reference checks, and site visits were conducted with the two companies that ultimately bid on the project.

Trustee Doyle moved approval of the following recommendation:

WHEREAS, the Oakland University Purchasing Department has requested quotations for the Snack Bar/Deli operation in the new Oakland University Recreation and Athletic Center; and

WHEREAS, Club Cappuccino, Inc., has offered the most favorable proposal; now, therefore, be it

RESOLVED, that the university enter into a contract with Club Cappuccino, Inc., commencing in July of 1998 for a period not to exceed six years, to provide the snack bar/deli operation in the new Campus Recreation and Athletic Center, with financial terms no less favorable than those set forth in the introduction to this resolution; and, be it further

RESOLVED, that the Vice President for Student Affairs be authorized to execute a contract with Club Cappuccino, Inc., with these terms and conditions; and, be it further

RESOLVED, that the contract shall be reviewed by the Office of General Counsel prior to execution and shall conform to all university policies.

Trustee Sharp seconded the motion for approval of the recommendation.

The motion was unanimously approved by those present.

D. Capital Outlay Budget Requests 1999 and 2000

Trustee Doyle stated that annually the university submits its capital outlay budget request to the Michigan Department of Management and Budget. The following list includes the high priority projects developed for the Oakland University Capital Outlay submission for fiscal years 1999 and 2000:

• **Classroom/Business School Office Building --** Year 2 Plans & Construction ($17,500,000 total project)	$13,125,000
• **School of Education --** Year 1 Planning ($23,000,000 total project)	100,000
• **Renovate Varner Hall --** Year 1 Planning ($13,554,000 total project)	100,000
• **Renovate Dodge Hall --** Year 1 Planning ($8,724,000 total project)	100,000
Total 1999	**$13,425,000**

Trustee Doyle moved approval of the following recommendation:

RESOLVED, that the Board of Trustees approve the Capital Outlay Request for fiscal years 1999 and 2000, as presented with this recommendation, to the State of Michigan, Department of Management and Budget.

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

E. Revision of Contracting and Employment Appointment Authority Policy

Trustee Doyle reported that this recommendation deals with emergency situations, such as the Dodge Hall fire and the Vandenberg Hall flood, where the university has to act quickly.

Current Board policy delegates to the President or the President's designee and the Vice President for Finance and Administration or the Vice President's designee, the authority to execute contracts for expenditures in amounts up to $50,000. Contracts for expenditures in amounts over $50,000 and up to $200,000 may be executed by the President or the President's designee without Board approval; however, all contracts over $100,000 are reported to the Board of Trustees, for information purposes, at the next regularly scheduled meeting. In the event of an emergency, or if the President deems it to be in the best interest of the university to expedite the execution of a contract and there is no regularly scheduled meeting of the Board prior to the time such agreement must be executed, the President is authorized to contract for the expenditure of funds for goods and services in an amount not to exceed $250,000 for any single contract without prior approval of the Board of Trustees. This action is conditioned on the prior concurrence of the contract by the Chairman and Vice Chairman of the Board of Trustees, provided such expenditures are in accordance with the policies and practices established by the Board.

Trustee Doyle stated that the university needs to address emergency situations on campus in an expeditious manner; however, obtaining prior concurrence from the Chairman and the Vice Chairman of the Board may delay the university in controlling and rectifying the emergency situation. Emergency expenditures often exceed the current $250,000 authorization. The existing policy is also being refined to improve the efficiency in the current contracting procedures for non-emergency contracts in amounts below $200,000.

Trustee Doyle moved approval of the following recommendation:

RESOLVED, that the Contracting and Employment Appointment Authority Policy be amended to address the approval process for contracts under $200,000 and for contracting in emergency situations by amending the current policy as follows:

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II. Purchase Contracts

B. Contracts for expenditures in amounts up to $200,000 may be executed by the President or the President's designee without Board approval. If any contract under this provision alters or is a departure from a Board approved policy, practice or procedure, or is in conflict with a policy established by the Board of Trustees, such contract shall be subject to prior Board approval before execution.

C. In the event of an emergency where it is necessary to conserve university assets, or to protect the interests of the university, or to address the health and safety concerns of the campus population, and there is no regularly scheduled meeting of the Board prior to the time such agreement must be executed, then the President is authorized to contract for the expenditure of funds for goods and services without prior approval of the Board of Trustees, provided such expenditures are in accordance with the policies and practices established by the Board. Any expenditure or contract entered into pursuant to this authority shall be reported to the Board of Trustees at its next regular meeting for ratification and any necessary amendment of the budget appropriation.

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

VIII. Other Items that May Come Before the Board

A. Oakland University Affirmative Action Annual Report -- Fall 1997

Chairman Schlaybaugh called on Ms. Sharon L. Abraham, Director, University Diversity and Compliance, to present the Affirmative Action Annual Report for Fall 1997. Ms. Abraham's report consisted of the 1996-1997 fiscal year employment activity as it relates to affirmative action, as well as efforts to facilitate organizational changes, and plans for the current academic year.

Ms. Abraham stated that, from 1990 through 1997, Oakland's overall workforce decreased by 4.7 percent, while both the female and minority populations experienced slight increases. During that period, the faculty workforce increased by 3 percent, also with a slight increase in the female and minority faculty populations. Ms. Abraham noted that in fiscal year 1996-97, 22 out of 36 faculty new hires were either female or minority, with the majority of those being female.

Ms. Abraham reported that the university had both a goal and an opportunity to hire in 13 faculty job groups. Even though no goals were met, the university did make progress in 5 of the groups. In faculty hires this past year, 47 percent were female, 8.3 percent were African American, and 13.9 percent were other minorities.

Ms. Abraham reported an 8.5 percent decrease in the staff workforce during the period 1990 to 1997, even though the university experienced a slight increase in both female and minority staff. The majority of hires in this staff group were in the Administrative-Professional (AP) work groups. Of the 47 hires, 64 percent of them were either female or minority, again with females being the predominant group. Ms. Abraham stated that in this last year staff job groups also had goals and opportunities. Of the total number of hires this past year, 68.4 percent were female and 26.6 percent were minority. There

were two significant hires in the female ranks -- the Vice President for Academic Affairs and Provost, and the Director of the Eye Research Institute. Ms. Abraham commented that although the university did not have significant increases in either the faculty or staff workforces, there was a positive trend in hiring female and minority employees.

Ms. Abraham noted that a significant part of her office's role is to assist the university in its efforts to achieve the goals identified in the Strategic Plan, specifically Strategies 3 and 7, which, respectively, address an "environment rich in human diversity" and a "workforce of committed, motivated, employees." She listed the following strategic initiatives that were successful this past year:

- **Diversity Efforts with Students** -- Student recruitment has greatly improved, increasing the enrollment of a diverse group of students. The Oakland University Trustee Academic Success Fund (OUTASF) scholarship program has been very successful. The average grade point average for students in this program is 3.0. The sophomore, junior, and senior level students in the OUTASF scholarship are outperforming their cohorts. The program received external media coverage and has been recognized by other external organizations.

- **Minority Student Leadership Retreat** -- Sponsored by the Office of Equity, this retreat engaged students in skill building sessions to equip them for leadership roles in student organizations. The workshop presenters were both OU faculty and staff, and the event was well attended by students.

- **Hispanic Heritage Month Celebration** -- The university held a three-day Hispanic Heritage celebration in October, which included music, dance, taste fest, and panel discussions on the North America Free Trade Agreement (NAFTA) and doing business in Latin America.

Ms. Abraham stated that the university plans to continue with some programmatic initiatives to reach strategic goals to support and retain students. She reported that through the "Divisional Diversity Initiative," programs have been implemented that focus on employee mentoring, orientation, and professional development at a divisional level.

Ms. Abraham stated that as reported last year, Oakland University was audited by the Office of Federal Contract Compliance Programs (OFCCP), and as a result of that audit, new procedures were established to post administrative positions for faculty, so that all faculty would be given an equal opportunity to apply for these positions. The university was asked to make two reports this past year detailing the new procedures and their results. After meeting those requirements, the university received closure to the audit by the OFCCP.

Ms. Abraham reported that the university is also improving campus accessibility to make it more barrier free for the handicapped. Ms. Abraham stated that, based on a Human Resource

Redesign Task Force initiative, the university is also attempting to streamline the employee selection process to make it more efficient.

Chairman Schlaybaugh thanked Ms. Abraham for her report.

B. Charter Schools Report

Chairman Schlaybaugh called on Ms. Angelete M. Melhado, Coordinator, Urban Partnerships/Public School Academies, to present the first annual Charter Schools Report. Ms. Melhado highlighted the following exhibits that were contained in the Board materials:

- **Exhibit A** is a summary of the 10 guidelines of the Oakland University Policy on Public School Academies (PSA). The document is distributed to each PSA applicant in an application packet.

- **Exhibit B** is a document that includes the purpose of the Public School Academy Advisory & Review Committee (PSAARC) and a list of PSAARC members. Dr. Gottfried Brieger, Professor of Chemistry, was recently chosen to fill the College of Arts & Sciences vacancy on the committee. The PSAARC plans to meet twice in the fall term and once in each of the winter, spring, and summer terms.

- **Exhibit C** is a Summary of State/Legislative PSA Rulings starting in December 1993 with the initial Michigan PSA legislation. Part 6A of the legislation was appealed and Part 6B was amended and acted upon. As of July 1997, Part 6A was declared constitutional and Part 6B was repealed. Since the initial charters were authorized under Part 6B, the university legal counsel is in the process of rectifying that to place the six charter schools in concert with Part 6A. In May 1997, House Bill 4395 was introduced. It is currently sitting in the Senate Education Committee for review. House Bill 4395 was introduced to make the charter school authorizing body responsible for filing an annual oversight report that identifies the oversight process and oversight personnel qualifications. Oakland is in concert with an organization called Michigan Association for Public School Academies (MAPSA) to fight that bill because it requires a tremendous amount of additional documentation for the authorizing universities.

  The audit of the Central Michigan University Charter School Office was completed in October 1997. Ms. Melhado has reviewed that report in detail and Exhibit C offers a list of the implications for Oakland University in case it is also audited. Steps have been taken to insure that Oakland is prepared for an audit, such as the development of monitoring check lists for pre-operational and operational charter schools.

- **Exhibit D** is a PSA Status Report as of December 4, 1997. While Edison PSA is not operational at this time, it has narrowed its site selection to two locations and plans to open in September 1998. Ms. Melhado directed the Board's attention to a photo collage taken during recent PSA site visits conducted by President Russi, Dean Mary Otto, and Ms. Melhado. Ms. Melhado stated that when she makes her regular site visits, none of the schools are aware that she is coming. She usually shows up and sits in the back of a classroom or participates in activities to monitor each school.

- **Exhibit E** is the Oakland University PSA Budget Status. In 1996-97 the state aid per pupil allocation was $5,808. As the authorizer, Oakland received 3 percent, or $174 per pupil, of that allocation. For the 1997-98 year, the state allocation increased to $5,965 per pupil, and Oakland's revenue is $179 per pupil. In 1996-97 the university had a deficit of approximately $31,133. In 1997-98, the deficit gap is projected to drop to $13,013. The budgetary implications include a further closing of the deficit gap in 1998-99 based on a $90,000 projected revenue increase when the Edison PSA project commences.

- **Exhibit F** is a copy of the Oakland University PSA Application Process that is distributed to each applicant. It consists of two phases: (1) a thorough comprehensive review by the PSAARC, and (2) reviews by the Senate subcommittees and the full Senate prior to submission to the Board.

- **Exhibit G** is a list of applicants as of October 1, 1997, that has been narrowed down to five schools that will be recommended to the Board for approval by the April Board meeting.

Chairman Schlaybaugh thanked Ms. Melhado for her report.

IX. Adjournment

Trustee Baskin, seconded by Trustee Doyle, moved adjournment of the meeting. The motion was unanimously approved by those present. The meeting adjourned at 4:46 p.m.

Submitted,

Susan Gerrits

Susan Gerrits
General Counsel and
Secretary to the Board of Trustees

Approved,

Rex E. Schlaybaugh, Jr.
Chairman

bdmin124.97

ACADEMY OF MICHIGAN
21300 Mendota
Ferndale, MI 48220
(Oak Park School District)

Proposed PSA Board of Director Nominees

1. Jeanette Colbert
   12771 Ilene
   Detroit, MI 48238
   Occupation: Surgical Technician

2. W. Francis Perry
   12739 Monte Vista
   Detroit, MI 48238
   Occupation: ML Customer Service Rep., (Corporate Banking)

3. Aaron Watson Jr.
   P.O. Box 262
   Dearborn, MI 48121
   Occupation: Superintendent, Ford Motor Co., (Truck Operations)

4. Pamela England-Urick
   510 S. Bachewana
   Clawson, MI 48017
   Occupation: Customer Service Rep., Ford Motor Credit Co.

Note: The above nominees will replace four original resigning members. Due diligence and background checks complete.

EXHIBIT A

TURTLE ISLAND LEARNING CIRCLE
25350 W. Six Mile Road
Redford Twp, MI 48240
(Redford School District)

Proposed PSA Director Nominee

1. Andrew Adams III
   603 Waymarket
   Ann Arbor, MI 48103-6622
   Occupation: Programming Assistant, Office of Academic Multicultural Initiatives (OAMI), University of Michigan.

Note: The above nominee will replace one original resigning member. Due diligence and background check complete.

EXHIBIT B

ELBERT THOMAS CLARK ACADEMY
16151 James Couzens
Detroit, MI 48221
(Detroit Public School District)

Proposed PSA Board of Director Nominee

1. Lucius Murray
   3800 Root
   Troy, MI 48083
   Occupation: Sales Manager, The Wellness Plan

Note: The above nominee will replace one original resigning member. Due diligence and background check complete.

EXHIBIT C