

Minutes of the Meeting  
of the  
Oakland University Board of Trustees  
November 11, 1987

Present: Trustees Donald Bemis, Larry Chunovich, Phyllis Law  
Googasian, David Handleman, Patricia Hartmann, and  
Howard Sims

Absent: Trustees Ken Morris and Stephan Sharf

Chairman Handleman called the meeting to order at 4:10 p.m. in  
Lounge II of the Oakland Center.

Minutes of the Meeting of October 14, 1987

Trustee Hartmann, seconded by Trustee Chunovich, moved to approve  
the minutes of the meeting of October 14, 1987. The motion was  
unanimously carried.

Recommendation to Accept Gifts and Grants to Oakland University

Mr. David Rodwell, Vice President for External Affairs, stated  
that the gifts and grants to Oakland University report includes a  
summary of gift activity for fiscal year 1986-87. The summary  
indicates an increase of approximately \$750,000 over fiscal year  
1985-86 of gifts to the University and the Oakland University  
Foundation. In addition, the number of donors has increased by  
1,000.

Mr. Rodwell stated that the gifts and grants to Oakland Univer-  
sity for the period September 5, 1987, through September 29,  
1987, totaled \$767,139.75.

Trustee Sims, seconded by Trustee Hartmann, moved to accept the  
gifts and grants to Oakland University with gratitude. The  
motion was unanimously carried.

Information Report on Gifts and Grants to the Oakland University  
Foundation

Mr. Robert Swanson, Vice President for Developmental Affairs,  
stated that the gifts and grants to the Oakland University  
Foundation totaled \$32,442.47.

Trustee Hartmann, seconded by Trustee Chunovich, moved to accept  
the information report on gifts and grants to the Oakland Univer-  
sity Foundation. The motion was unanimously carried.

Faculty Personnel Actions

Mr. Keith Kleckner, Senior Vice President for University Affairs and Provost, made the following recommendation:

Appointment

Adelson, Joyce, Adjunct Assistant Professor of Music, effective August 15, 1987, through August 14, 1989 (renewal)

Albright, Janice L., Adjunct Assistant Professor of Music, effective August 15, 1987, through August 14, 1989 (renewal)

Aston, Thomas A., Adjunct Assistant Professor of Theatre, effective August 15, 1987, through August 14, 1989 (renewal)

Bakalyar, Donovan, M., Clinical Associate Professor of Medical Physics, effective August 15, 1987, through August 14, 1989 (renewal)

Bank, Morris I., Clinical Assistant Professor of Medical Physics, effective August 15, 1987, through August 14, 1989 (renewal)

Connellan, William W., Adjunct Assistant Professor of Journalism, effective August 15, 1987, through August 14, 1988 (renewal)

Di Chiera, David, Adjunct Professor of Music, effective August 15, 1987, through August 14, 1989 (renewal)

Eliezer, Naomi, Adjunct Assistant Professor of Biological Sciences, effective August 15, 1987, through August 14, 1988 (renewal)

Harding, Clifford V., Adjunct Professor of Biological Sciences, effective August 15, 1987, through August 14, 1988 (renewal)

Kilburn, Terence E., Adjunct Professor of Theatre, effective August 15, 1987, through August 14, 1989 (renewal)

Llewellyn, James D., Adjunct Instructor in Journalism, effective August 15, 1987, through August 14, 1989 (renewal)

McGrath, Charles M., Adjunct Professor of Biological Sciences, effective August 15, 1987, through August 14, 1988 (renewal)

Morton, Charles E., Adjunct Professor of Philosophy, effective August 15, 1987, through August 14, 1989 (renewal)

Poulik, M. Dave, Adjunct Professor of Biological Sciences, effective August 15, 1987, through August 14, 1988 (renewal)

Scott, John A., Adjunct Professor of Mathematical Sciences, effective August 15, 1987, through August 14, 1989 (renewal)

Stein, Paul D., Adjunct Professor of Medical Physics, effective August 15, 1987, through August 14, 1989 (renewal)

Timmis, Gerald C., Clinical Professor of Medical Physics, effective August 15, 1987, through August 14, 1989 (renewal)

Wells, James R., Adjunct Professor of Biological Sciences, effective August 15, 1987, through August 14, 1988 (renewal)

Wileden, Paul H., Adjunct Professor of Political Science, effective August 15, 1987, through August 14, 1989 (renewal)

#### Change of Status

Barclay, Lizabeth A., from Associate Professor of Management to Associate Professor of Management and Acting Chair, Department of Management and Marketing, effective January 4, 1988, through December 16, 1988

#### Leave of Absence

Brieger, Gottfried, Professor of Chemistry, sabbatical leave from January 4, 1988, through April 27, 1988 (with full pay)

Brill, Max, Associate Professor of Psychology, sabbatical leave from January 4, 1988, through April 27, 1988 (with full pay)

Trustee Bemis, seconded by Trustee Hartmann, moved to accept the recommendation. The motion was unanimously carried.

#### Kresge Library Addition

Mr. Robert McGarry, Vice President for Finance and Administration, stated that the construction bidding on the Kresge Library Addition has been completed by the State of Michigan. The bids were higher than anticipated, but in working with the State of Michigan Office of Facilities and the architect, Rossetti Associates, reductions in the project have been realized. The contingency has been reduced to \$400,000 which the University administration and the architect believe is adequate. The project is

now within the \$9,000,000 budget established by the State Legislature. The contract will be awarded by the State.

Mr. McGarry made the following recommendation:

WHEREAS, The State of Michigan, through the Office of Facilities, has assumed the responsibility for negotiating, awarding and supervising the contract for the Kresge Library Addition project; and

WHEREAS, It is the recommendation of the architect, Rossetti Associates, and the Office of Facilities that the contract should be awarded by the State to the lowest qualified bidder, Artco Contracting, Inc.; and

WHEREAS, The Office of Facilities recommended some reductions in the project to comply with the State's project cost limitations; and

WHEREAS, The University has been assured by the State that all of the above actions and recommendations are in compliance with the law; now, therefore, be it

RESOLVED, That the Vice President for Finance and Administration is authorized to advise the Office of Facilities, State of Michigan, that the University concurs in the recommendation of the architect and the State of Michigan that the Kresge Library Addition be awarded to Artco Contracting, Inc. for \$7,355,875, arrived at after approved cost reductions in the amount of \$365,340; and be it further

RESOLVED, That in view of the need to coordinate the construction of the Library High Temperature Hot Water Replacement Line with the construction of the Library Addition, the Vice President for Finance and Administration is authorized to award a concurrent contract for the High Temperature Hot Water Replacement for the Kresge Library Addition to Artco Contracting, Inc. for \$98,000 with total project cost not to exceed \$130,000; and be it further

RESOLVED, That the subject contracts will be reviewed by the University's Office of the General Counsel and that such contracts shall be in accordance with the University's affirmative action policy.

Trustee Chunovich, seconded by Trustee Sims, moved to approve the recommendation. The motion was unanimously carried.

Audited Financial Statement - Year ended June 30, 1987

Mr. McGarry stated that Mr. Jeff Bergeron, Managing Partner of Arthur Andersen & Company, was scheduled to present the statement but was not present at the meeting at this time, possibly due to traffic conditions.

Mr. McGarry stated that the public accounting firm of Arthur Andersen & Company was engaged by the Board of Trustees at its February 11, 1987, meeting to conduct the audit of the University's financial accounting records and financial statements for the fiscal year ended June 30, 1987. He added that the audit has been completed and the financial statements along with the supplementary information were presented to the Finance and Personnel Committee. The information was also distributed to the full Board. The audit was performed "smoothly and did not reveal any significant problems."

Mr. McGarry summarized the audit by stating that the consolidated revenues for the fiscal year ended June 30, 1987, totaled \$79 million, and the net worth of the University was \$104 million.

Chairman Handleman stated that the Finance and Personnel Committee had reviewed and accepted the auditors' report.

Mr. McGarry made the following recommendation:

RESOLVED, That the Board of Trustees accepts the following statements which were audited by the public accounting firm of Arthur Andersen & Company:

1. Oakland University Consolidated Financial Statements and Supplementary Information as of June 30, 1987 and 1986 together with Auditors' Report
2. Oakland University Financial Statements and Supplementary Information as of June 30, 1987 and 1986 together with Auditors' Report
3. Oakland University Residences and Other Facilities with Pledged Income Financial Statement and Supplementary Information as of June 30, 1987 together with Auditors' Report.

Trustee Sims, seconded by Trustee Hartmann, moved to approve the recommendation. The motion was unanimously carried.

#### Property and Professional Medical Insurance Policy Renewal

Mr. McGarry stated that the University's insurance policies for property and professional medical coverage will expire November 30, 1987. The premiums on the existing policies are \$122,985 for property and \$19,000 for professional medical coverage. The Office of Risk Management and the University's insurance agent are in the process of bidding the coverage for next year. Bids normally are not received until a few days prior to the expiration date of the current policies.

Mr. McGarry added that it is anticipated that premium costs for renewal will approximate those of the current year. The administration is requesting authority to enter into new contracts for coverage effective November 30, 1987. The action taken would be brought to the Board for ratification at a subsequent meeting.

Mr. McGarry made the following recommendation:

RESOLVED, That the Vice President for Finance and Administration, after consultation with the Finance and Personnel Committee, is authorized to negotiate a contract for the University's insurance for property and professional medical coverages for the period November 30, 1987, through November 29, 1988; and be it further

RESOLVED, That such contract will be submitted to the Board of Trustees for ratification at a subsequent meeting, and if such ratification is not granted, the contract will be terminated.

Trustee Googasian asked if the Michigan Higher Education Risk Sharing Facility anticipated offering property and professional medical insurance in the future. Mr. McGarry responded that they do not at this time.

Trustee Googasian, seconded by Trustee Sims, moved to accept the recommendation. The motion was unanimously carried.

#### Security Transactions

Mr. McGarry stated that the security transaction report indicated one gift of two shares of General Motors Corporation stock which was valued at \$176.25 on the date of gift. The University realized \$155.46 after the sale of the stock.

Trustee Chunovich, seconded by Trustee Hartmann, moved to accept the report. The motion was unanimously carried.

#### Other Items

Trustee Bemis stated that he has had some concerns regarding potential fiscal problems that may affect the University in regard to possible revenue shortfalls for the current fiscal year. The Finance and Personnel Committee, along with the University administration, has tried to determine the impact of various shortfalls if the State experiences economic problems which would require budget cuts through an Executive Order, or a reduction in funding for the next appropriation year. The implications of State revenue projections "do not bode well" for the University during the present fiscal year and for the next few years. As the University is under an obligation to begin planning for the 1988-89 fiscal year at this time, Trustee Bemis made the following recommendation:

WHEREAS, The Board of Trustees is charged with the responsibility of assuring the current and future fiscal stability of the institution; and

WHEREAS, The economic status of the State of Michigan would indicate that funding for Oakland University and all four year State institutions of higher education may be seriously limited, and the potential exists for a current fiscal year reduction; and

WHEREAS, The fiscal interests of the institution would be best served by taking appropriate actions immediately; now, therefore, be it

RESOLVED, That the Board of Trustees requests that the President take appropriate action to reduce expenditures and enhance the revenue resources of the University during this current fiscal year in order to offset any revenue shortfall which may emanate from enrollment fluctuation or from the State of Michigan through the appropriation process during the current year or during the budget process which will be under consideration shortly for the 1988-89 fiscal year.

Trustee Bemis stated that potential financial problems for this fiscal year should be considered as early in the year as possible. He added that President Joseph E. Champagne has made some decisions on how to manage the University through "this crisis"



that will have a very minimum impact on the students of the University. Trustee Bemis requested that President Champagne present a budget status report to the Finance and Personnel Committee.

Trustee Sims seconded the resolution moved by Trustee Bemis. The motion was unanimously carried.

Chairman Handleman thanked Trustee Bemis for an intelligent and conservative approach to the issue of advance budget planning for the University.

President Champagne stated that the administration has discussed the status of the General Fund Budget with the Finance and Personnel Committee. In so doing, he and the Committee agreed that action should be taken as soon as possible as there are only seven and a half months of the year remaining. President Champagne stated that the concerns involve avoiding ending the fiscal year with a deficit and having sufficient funds to carry over for fiscal year 1988-89, thereby reducing the burden of an inordinately high tuition increase to students. The current projections are not favorable in terms of the availability of State dollars to support higher education. He added that the University administration has agreed to a target reduction of the current fiscal year General Fund Budget of one percent which would total approximately \$500,000. He stated that in order to achieve that goal, given the conservative budget for fiscal year 1987-88, there is no alternative but to require that a position freeze be effective immediately. The result of this action should generate a reserve of funds which will assist the University should budget reductions be mandated by the State. In the event that reductions are not required, the University will be in a slightly better position to meet the projected lower appropriation level for the following year.

President Champagne stated that the administration wanted to dispel the concerns that are associated with budget reductions such as the possibility of layoffs. He emphasized that the administration believes by freezing vacant positions, the one percent targeted reduction could be met with the least amount of harm to the institution. In addition to the position freeze, the administration is also appointing an Expenditure Review Committee, chaired by Mr. Ray Harris, Associate Vice President for Finance and Administration. This Committee will review the University's administrative expenditure processes and determine ways in which expenditures may be consolidated or reduced. President Champagne stated that he believes it is "healthy for an organization to examine its internal operations in this manner." He added that



while it is not necessarily true that there will be immediate budget savings as a result of the actions of such a committee, in the long term it will reassure the University community that the manner in which the University conducts its administrative expenditure practices is cost-efficient. President Champagne stated that these two actions were chosen in an attempt to eliminate a potential problem (a lower State funding level) that could be extremely serious, not only for Oakland but for all of higher education. He added that planning at this time could prevent a crisis from developing in the spring of 1988.

There being no further items before the Board, Trustee Sims, seconded by Trustee Hartmann, moved to adjourn the meeting. The motion was unanimously carried.

The meeting was adjourned at 4:31 p.m.

Submitted,

Approved,

  
John De Carlo, Secretary  
Board of Trustees

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David Handleman, Chair  
Board of Trustees