

**Minutes of the Formal Meeting
of the
Oakland University Board of Trustees
December 4, 2002**

Present: Chair Henry Baskin; Trustees Penny M. Crissman,
David J. Doyle, David T. Fischer and Dennis K. Pawley

Absent: Trustees Ann V. Nicholson and Rex E. Schlaybaugh, Jr.

Also Present: President Gary D. Russi; Vice Presidents Susan Goepp,
Lynne C. Schaefer and Mary Beth Snyder; Interim Vice President
Virinder K. Moudgil; General Counsel and Secretary to the Board of
Trustees Victor A. Zambardi and Assistant Rhonda G. Saunders;
and Student Liaisons Rhonda R. Hanna and David M. Jewell

I. Call to Order

Chair Henry Baskin called the meeting to order at 2:06 p.m. in the Auditorium of the Elliott Hall of Business and Information Technology.

II. President's Report:

President Gary D. Russi reported the following information:

- Ms. Terry Mejia, Ms. Barbara Fortier, and Ms. Eilene Lohmeier were recognized as the September, October, and November Employees of the Month, respectively. Supervisory comments on each recipient were provided in a video presentation.
- Dr. Virinder K. Moudgil, Interim Vice President for Academic Affairs and Provost, recognized the outstanding service and distinguished contributions to medieval European history of Dr. Ronald C. Finucane, Professor of History. The Royal Historical Society of the United Kingdom recently elected Dr. Finucane as a Fellow of the Royal Society. This honor is a testimonial to his pioneering work on medieval pilgrimages, saints, cults, medieval childhood, and the impact of miracles and faith healing on medieval imagination. Dr. Finucane is highly regarded by colleagues around the globe, and his meticulous scholarship places him among the foremost medievalists of our generation. His books are viewed as masterful histories and landmark studies, with two of them considered history book club selections and all four of them having been published in modern paperback editions in recognition of their significance, enduring appeal, and literary merit. Professor Finucane's current research, which takes him annually

to Oxford University and the Vatican archives, addresses the religious and institutional history surrounding the late medieval and early modern canonization of the saints. The results of this research have already been appearing in scholarly journals.

- Dr. Moudgil also recognized Dr. Robert W. Jarski, Associate Professor of Exercise Science, as the founding director of the complimentary medicine and wellness program. As a certified physician's assistant, Dr. Jarski has taken post-graduate training in surgery and has extensive clinical experience with patients having life-threatening illnesses such as multiple trauma and cancer. In addition to his research and teaching involvement, Dr. Jarski conducts stress management sessions for patients and clients at the Meadow Brook Health Enhancement Institute. He also supervises the dissertations and research projects at Oakland University for graduate students and physicians in training at hospitals within the Horizon Health System. Dr. Jarski recently completed a sabbatical at the University of California, San Francisco, Preventive Medical Research Institute, and he has studied the role of connectedness and community among people with cancer. The Golden Key National Honor Society nominated Dr. Jarski for the Teacher of the Year award in 1997. He serves on the editorial boards of several professional journals, has published numerous articles in scientific journals and books, makes presentations at national, state, and community conferences and seminars, and serves as a hospice volunteer. Dr. Jarski received a major research grant from the Michigan Department of Public Health in 1989 to devise ways to improve stress management techniques in clinical settings. He was also selected from a distinguished group of international scholars to participate in the academy of consciousness studies at Princeton University in 1994.

Dr. Russi continued his report with the following comments about the University General Fund Budget. Dr. Russi explained that Governor Engler was expected to submit a series of executive orders to the Senate and House Appropriations Committee reducing the budgets for state agencies. The total cut for fiscal year 2003, October 1, 2002 through September 30, 2003, could be as high as \$600 million. There are two scenarios possible for higher education: (1) state universities will receive the same cut as other state funded agencies, or (2) education will be cut at a lower rate than other agencies.

Oakland University's administrators and Deans have been working for months to develop contingency plans for potential cuts at various levels, and our leadership team during that process has made a list of prioritized areas that would be protected as much as possible from budget reduction. Those high priority areas include managed growth and faculty support, quality initiatives, distinctive undergraduate programs and general education, collaborations and partnerships, capital campaign, student services and

retention, graduate and research programs to include grants and contracts, and information technology support.

Dr. Russi stated he would continue to keep the Board and the university community informed about the budget picture from Lansing, and then ultimately how that will impact the University community.

A bigger and more difficult concern is fiscal year 2004 and beyond in which Governor Granholm may be confronted with a budget deficit or a budget challenge of about \$2 billion. The leadership team has been working very hard over the last several months to produce operating cost efficiencies for the University. Some of those, of course, will help the University deal with a potentially very large cut in fiscal year 2004. Significant savings have been realized in recent years by outsourcing services, such as, custodial services, bookstore, office supplies, food service, and the management of Meadow Brook Music Festival. Just within the past year or two, savings have also been realized by investing in energy monitoring systems to better regulate consumption and lower cost. We are now purchasing electrical supply in the open market, which is projected to save the University approximately 15% per year. Dr. Russi noted that later in the agenda the Board would have an opportunity to approve an agreement with an independent corporation to operate the Concours D'Elegance automobile show at Meadow Brook Hall and to standardize health care benefits among faculty and staff. Both actions will result in significant savings for Oakland University.

Financial management in fiscal years 2004 and 2005 will indeed be very challenging, however, Dr. Russi is confident that in working together we can address these issues and move the University forward.

Chair Baskin thanked Dr. Russi for his report.

III. Roll Call

Mr. Victor A. Zambardi, General Counsel and Secretary to the Board of Trustees, conducted a roll call. All of the Board members were present except Trustees Ann V. Nicholson and Rex E. Schlaybaugh, Jr.

IV. Action Items

A. Consent Agenda

Chair Baskin moved approval of the following recommendations:

- 1. Approval of the Minutes of the Formal Meeting of October 2, 2002**

2. **Approval of FY 2003-04 Operating Budget Request for Submission to the Department of Management and Budget of the State of Michigan.**

RESOLVED, that the Board of Trustees approve the submission of the attached Oakland University FY 2003-2004 Operating Budget Request 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 2003-2004 fiscal year.

(A copy of the Oakland University FY 2003-2004 Operating Budget Request to the Department of Management and Budget is on file in the Board of Trustees Office.)

3. **Acceptance of Audited Financial Statements for the Fiscal Year Ended June 30, 2002**

RESOLVED, that the Board of Trustees accept the Annual Financial Report for the year ended June 30, 2002, which was audited by the public accounting firm of Andrews Hooper and Pavlik, P.L.C.

(A copy of the Annual Financial Report is on file in the Board of Trustees Office.)

4. **Approval of Golf and Learning Center Operating Budget for Fiscal Years Ending December 31, 2003, 2004 and 2005**

WHEREAS, the fiscal year for the Oakland University Golf and Learning Center runs from January 1 through December 31; and

WHEREAS, the University administration believes it is prudent to establish a three-year budget to appropriately and separately monitor the budget of the Oakland University Golf and Learning Center; now, therefore, be it

RESOLVED, that the Board of Trustees approves the Oakland University Golf and Learning Center Budget for the year ending December 31, 2003, with budgeted operating expenditures of \$2,080,090, and tentatively approves the budgets for the years ending December 31, 2004 and 2005, with budgeted operating expenditures of \$2,150,143 and \$2,222,741, respectively, and capital improvement expenditures of \$75,000 and \$75,000 respectively; 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 President or his designee and these amounts shall be reported on a periodic basis to the Board of Trustees.

5. Approval to Adjust Endowment Spending Rate to 4.5%

RESOLVED, that the Board of Trustees amends the first sentence of the April 6, 1995 Investment Policy For Endowment, Section IV Spending Policy, to read, "Endowment fund distributions shall be at an annual rate of four and one-half percent (4.5%) based upon the twelve quarter moving average market value of the fund's value at the beginning of each quarter, with a one quarter lag."

6. Approval to Add a 457(b) Deferred Compensation Plan to Oakland University's Retirement Offerings

RESOLVED, that the Board of Trustees approves the implementation of a 457(b) deferred compensation plan effective January 1, 2003, the beginning of the new tax year; and, be it further

RESOLVED, that the Plan Documents shall be reviewed and approved by the Office of the General Counsel 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 Board of Trustees.

7. Approval of Traffic Control Orders

RESOLVED, that the Board of Trustees approves Traffic Control Orders 2002-01, 2002-02, 2002-03, 2002-04, and 2002-05.

(Copies of the Traffic Control Orders are on file in the Board of Trustees Office.)

8. Approval of University Personnel Actions

Change of Status

Giblin, Frank J., from Professor of Biomedical Sciences and Associate Director of the Eye Research Institute to Professor of Biomedical Sciences and Interim Director of the Eye Research Institute, effective November 1, 2002.

Wharton, Terry J., from Associate Professor of Operations Management to Associate Professor of Operations Management and Interim Chairperson, Decision and Information Sciences, effective October 1, 2002.

Emeritus Appointment

Bricker, David C., Professor Emeritus of Philosophy, effective December 4, 2002.

Corrections

New Appointment - Delayed

Licker, Paul S., Professor of Management Information Systems and Chairman of the Department of Decision and Information Sciences, effective January 1, 2003 (\$110,000.00) (New appointment filling a new authorized position). (Previously reported an effective date of November 1, 2002).

9. Approval of Recommendation of Final Undergraduate and Graduate School Reports dated August 17, 2002

(A copy of the Final Undergraduate and Graduate School Reports dated August 17, 2002 is on file in the Board of Trustees Office.)

10. Recommendation to Accept Gifts to Oakland University and to the Oakland University Foundation for the Period of September 1 through October 31, 2002 and to Accept Grants and Contracts to Oakland University for the Period of September 1 through October 31, 2002

(A list of the gifts, grants and contracts is on file in the Board of Trustees Office.)

Trustee David T. Fischer seconded the motion. The motion was unanimously approved by those present.

B. President's Compensation

Trustee David J. Doyle stated that, on behalf of the Ad Hoc President's Compensation Committee, consisting of Chair Baskin, Trustee Penny M. Crissman, and himself, it was his pleasure to move the following recommendation:

RESOLVED, that the Board of Trustees authorizes and approves a 4% salary increase for President Gary D. Russi for the 2002-2003 fiscal year, retroactive to July 1, 2002; and, be it further

RESOLVED, that the Board of Trustees authorizes and approves that an additional \$5,000 be given to President Gary D. Russi as deferred compensation, that amount to be added to his minimum 2002-2003 fiscal year deferral consistent with and subject to the Deferred Compensation Agreement between Dr. Gary D. Russi and Oakland University.

Trustee Fischer seconded the motion. The motion was unanimously approved by those present.

C. Approval of Agreement Between Oakland University and Oakland University Professional Support Association – Michigan Education Association/National Education Association July 1, 2002 – June 30, 2005.

Trustee Fischer stated that a tentative agreement was reached on October 14, 2002 between Oakland University and Oakland University Professional Support Association, Michigan Education Association and the National Education Association on a three-year collective bargaining agreement. The union membership ratified the agreement on October 24, 2002 by a 2/3 margin. Trustee Fischer added that a summary of the significant economic and non-economic changes were attached to the agenda item.

Trustee Fischer moved approval of the following recommendation:

RESOLVED, that the Board of Trustees approves the 2002-2005 Agreement between Oakland University and the University Professional Support Association-Michigan Education Association/National Education Association, with the effective date of July 1, 2002 through June 30, 2005.

Trustee Doyle seconded the motion. The motion was unanimously approved by those present.

D. Approval of Amendment to Article XVI of the 2000-2003 Agreement Between Oakland University and the Oakland University Chapter, American Association of University Professors (AAUP)

Trustee Penny M. Crissman stated that, beginning in October 2001, a Health Benefits Council was formed consisting of representatives of each employee group and University Human Resources. The Council's proposal is to explore alternative options to current health care insurance plans and to seek better coordination between staff and faculty benefit plans. Trustee Crissman noted that the work of the Council has become even more important to the University community over the past year as health care rates continue to skyrocket with estimates of increases between 16% and 20% for the University's various plans.

She added that, as a result of the Council's work, great progress has been made in identifying ways to create more consistency across all benefit plans and to better manage health care costs across all groups. In addition, faculty representatives have been active participants of this effort in order to achieve many of the benefits of moving to a more consistent and better-managed set of health agreements with the University.

Trustee Crissman moved approval of the following recommendation:

RESOLVED, that the Board of Trustees approve the amendments to the 2000-2003 Agreement between Oakland University and the AAUP to effect changes in health care, dental and life insurance coverage for calendar year 2003.

Trustee Dennis K. Pawley seconded the motion. The motion was unanimously approved by those present.

E. Approval of Operating Agreement for the Meadow Brook Hall Concours d'Elegance

Ms. Susan Goepp, Vice President for University Relations, stated that the proposal requests the approval of an Operating Agreement with the Concours d'Elegance of America to manage the annual Meadow Brook Hall Concours d'Elegance event. She noted that the Concours d'Elegance of America is a newly formed non-profit organization comprised of key business leaders who have a long history of involvement with the event and who have the expertise to ensure that the event remains one of the premier classic car shows in America. Ms. Goepp commented that the Agreement will enable the Meadow Brook Hall staff to concentrate their efforts on developing Meadow Brook Hall's education programs and resources and it will ensure a continuing base of support. She explained that the Concours d'Elegance of America will rent Meadow Brook Hall and other University facilities necessary to host the event and reimburse the University for any services it provides in connection with the event. The organization will also contribute \$25,000 to the University each year, as well as the first \$100,000 of any net proceeds generated by each event, and 50% of all net proceeds in excess of \$100,000. Ms. Goepp added that the Agreement has been reviewed and approved by the Office of the General Counsel prior to execution and is in compliance with the law and university policies and regulations and conforms with the legal standards and policies of the Board of Trustees.

Ms. Goepp presented the following recommendation for Board approval:

RESOLVED, that the Board of Trustees approves the Operating Agreement for the Meadow Brook Hall Concours d'Elegance with Concours d'Elegance of America.

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

Trustee Crissman moved, and Trustee Doyle seconded, approval of the motion.

Trustee Crissman commended Trustee Fischer for his efforts in connection with the Agreement.

Trustee Fischer commented that actually President Russi and Mr. Zambardi were the individuals who spent a great deal of time on this Agreement. He stated that it was his belief that the University needs to privatize functions whenever possible, and that with this Agreement, the University will realize a savings in head count, emotion, and hours devoted by University staff to the Concours d'Elegance event.

Chair Baskin asked Trustee Fischer if the University has had any guarantees in the past to compare with the guarantee from Concours d'Elegance of America, and, if there have not been guarantees in the past, how this proposal compares financially to the event two or three years ago. Trustee Fischer responded that there had never been a guarantee in the past, and that, given the economic downturn, it would be hard to determine what will be brought in terms of commercial activity to this year's show. He added that he believed there would be a far greater bottom line this year than in past years based on an accounting of the University's time spent on this event.

The motion was unanimously approved by those present.

F. Authorization to Implement E-Mail Systems Environment Upgrade

Dr. Moudgil and Ms. Terre Rowe, Director of Information Systems, reported on this proposal to implement an e-mail systems environment upgrade.

Dr. Moudgil commented that this item was of immense importance to the entire University community, administration, faculty, staff, and students. He stated that as a result of an analysis on the e-mail system by the Office of Information Technology, and with the President's support, the recommendation would solve a number of e-mail system issues and place Oakland University in the forefront of technology information. Dr. Moudgil noted that e-mail is a critical tool for research, education, and day-to-day business operations at the University, and that the University has experienced increased usage and reliance on e-mail for instruction and research-related communications. He added that in order to meet

that demand, Information Technology staff developed technology specifications for a new e-mail environment, which is complicated by requirements for security, virus protection, storage issues, and directory services. Dr. Moudgil reported that products from several vendors were reviewed, and two vendors submitted proposals. The lowest bidder was MiraPoint solution, provided by the Newman Group, and it was selected as the vendor of choice at a total estimated cost of \$626,000. Dr. Moudgil added that MiraPoint was also highly recommended by Wayne State University and Oakland County government.

Dr. Moudgil presented the following recommendation for Board approval:

RESOLVED, that the Vice President for Finance and Administration be authorized to negotiate and execute agreements for the purchase and maintenance of the component parts of the MiraPoint solution; and, be it further

RESOLVED, that the agreements shall be reviewed and approved by the Office of the General Counsel 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 Board of Trustees; and, be it further

RESOLVED, that the total cost of the project shall not exceed \$626,000.

Dr. Moudgil also reported that no incremental staff will be needed to implement the system, and that University staff will be trained by the vendor. He called on Ms. Rowe to add a few remarks on MiraPoint.

Ms. Rowe stated that Mr. Anthony Comazzi, from the Newman Group, and Mr. Brian McDevitt, from MiraPoint, were also present to answer questions. Ms. Rowe commented on the University's need for a very robust e-mail environment, with the receipt of approximately 500,000 e-mail messages a day while providing e-mail to all of the students, faculty, and staff. She reiterated that it is critical for education and research, and that it is the core for future projects. Ms. Rowe added that the upgrade would enable the University to save money, and that it was critical for some of the Information Technology cost-cutting measures.

Trustee Nicholson moved approval of the recommendation.

Chair Baskin asked what the current e-mail system is, and Ms. Rowe replied that actually the University has a mix of systems in place, which have grown haphazardly over the years. She noted that mail has been sent on a Unix platform, while IMHO has been sent on another platform. Ms. Rowe added that the University is also using various POP clients like Eudora and Outlook Express.

Chair Baskin inquired if the students have commented on the proposed e-mail systems upgrade. Ms. Rowe responded that numerous student comments have been received stating that the current system is not reliable enough for them and that the University needs to upgrade the systems. She noted that the University has actually lost e-mail for a few days at a time, including losing all of the students' "in-boxes."

Chair Baskin asked how soon the new system would be online and whether it would be user-friendly. Ms. Rowe replied that the vendor has proposed a January/February start-up time, and that the system will definitely be more user-friendly in the sense that it is much more reliable and will provide a much friendlier web interface, which is very critical to students who access e-mail from many locations all day long.

Ms. Rhonda R. Hanna, Student Liaison, reiterated that over the past year, the current e-mail system has crashed and people lost their entire "in-boxes." She added that e-mail cannot be accessed at certain times because the server is down, and that an upgrade would definitely be appreciated by the students.

Trustee Fischer inquired about the upgrade funding, and Ms. Lynne C. Schaefer, Vice President for Finance and Administration, replied that it would be covered through base funding in the Academic Affairs Division and savings in the overall University budget. She noted that they are all one-time funds that would be reallocated to support the upgrade.

Chair Baskin questioned whether the current systems were salvageable, and Ms. Rowe responded that some of the servers would be reallocated for other purposes at a cost savings. Ms. Schaefer added that the University will experience a significant cost savings with a move to e-mail as a primary means of communication with students, thereby eliminating a lot of paper that is sent in the mail to students.

Trustee Doyle asked whether the implementation process would inconvenience the University users. Mr. McDevitt replied that it will basically be uneventful with only an instance in time for the switch over.

Trustee Pawley commented that he assumed that the measurable on this systems upgrade is intangible, and, based on President Russi's dreary forecast of what funding could be expected from the State, future projects that come to the Board for approval are going to really be scrutinized for return on investment and those projects with intangibles will be difficult to approve. Chair Baskin concurred with Trustee Pawley's comment, noting that the questions presented today are a pre-cursor of similar questions on projects that will be presented to the Board in the next four years.

Trustee Doyle seconded the motion, The motion was unanimously approved by those present.

V. Discussion of the February 5, 2003 Board of Trustees Meeting Agenda.

Chair Baskin stated that if any Board member has additional changes or questions regarding the February 5, 2003 Board agenda, please contact the Secretary to the Board of Trustees.

VI. Other Items that May Come Before the Board

Chair Baskin called on Mr. Brian M. Turo, Project Manager for Amato's Construction Company, who requested to address the Board. Mr. Turo stated that Amato's is a subcontractor hired to do concrete work on stairs at the Oakland Center north entrance by the prime contractor, P.R.S. Contracting, who was hired by the University. He noted that funds have been held back since July by P.R.S. for that work performed by Amato's, and that Amato's has made a written commitment to the University to repair the stairs.

Chair Baskin asked Mr. Turo how much money is involved in this dispute, and Mr. Turo replied that currently there was an outstanding amount of \$8,879.60, with a retainage in balance of \$2,580.00.

In response to a question posed by Chair Baskin, Associate Vice President for Facilities Management, Mr. Rusty Postlewait, stated that the University's contract is with P.R.S., and that they are the party that the University primarily deals with on the project. He noted that the University's position is that the relationships and discrepancies between the prime and the sub contractors are their business, as opposed to the University's business directly.

Chair Baskin asked Mr. Zambardi if he would review this matter, and Mr. Zambardi responded that he has not yet been involved, but that he would be happy to do so.

Chair Baskin then called on Professor Philip Singer of the School of Health Sciences, who requested to address the Board. Dr. Singer expressed concern over not receiving a response to his suggestion at the October Board Meeting to save money by being granted a four-month research leave prior to his retirement.

Chair Baskin thanked Dr. Singer for his comments.

Chair Baskin called on Oakland University student, Ms. Curshandra Moore, who requested to address the Board. Ms. Moore inquired why tuition increases are at a steady increase every year and what tuition goes towards. Chair Baskin responded that Ms. Moore will be provided an answer to her questions, and he commented that the Board shares her concerns about tuition.

Chair Baskin called on Oakland University student, Ms. Diann Papp, who requested to address the Board. Ms. Papp questioned why students have to pay the Recreation Center fee if they have no reason to use the facility. She also informed the Board that in June 2002 she wrote Mr. Greg Jordan, Director of Campus Recreation, with this information, and he responded to her by e-mail with the following statement:

The Recreation Center fee is assessed to all students who take a course that meets on the main campus each term. The fee, which was supported by student vote in the early 90's and approved by the Board of Trustees, supports the retirement of the debt on the facility and some operations. While I understand your situation, I must be consistent with our policy that, as a condition of enrollment, all students are assessed this fee.

Chair Baskin thanked Ms. Papp for her remarks and stated that she will receive a response to her inquiry.

VII. Adjournment

Chair Baskin adjourned the meeting at 3:40 p.m.

Submitted,

Approved,

Victor A. Zambardi
Secretary to the Board of Trustees

Henry Baskin
Chair, Board of Trustees