

**Minutes of the Special Formal Meeting
of the
Oakland University Board of Trustees
December 20, 2002**

Present: Chair Henry Baskin and Trustee Penny M. Crissman; Trustees David J. Doyle, Ann V. Nicholson, Dennis K. Pawley, and Dennis C. Muchmore were present via teleconference

Absent: Trustees David Fischer and Rex E. Schlaybaugh, Jr.

Also Present: President Gary D. Russi; Vice Presidents Susan Goepf, 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 11:06 p.m. in the Auditorium of the Elliott Hall of Business and Information Technology.

II. Roll Call

Mr. Victor A. Zambardi, General Counsel and Secretary to the Board of Trustees, conducted a roll call. Chair Baskin and Trustee Penny M. Crissman were present, and Trustees David J. Doyle, Ann V. Nicholson, Dennis K. Pawley, and Dennis C. Muchmore were present via teleconference. Trustees David T. Fischer and Rex E. Schlaybaugh, Jr. were absent.

Chair Baskin congratulated Trustee Muchmore on his appointment to the Board of Trustees.

III. Action Items

A. Approval of the Rochester Hills Certified Technology Park Agreement and Authorization to Enter into a SmartZone Operating Agreement

President Gary D. Russi stated that the University was seeking Board approval of a Rochester Hills Certified Technology Park Agreement and authorization to enter into a SmartZone Operating Agreement. He recognized Dr. Virinder K. Moudgil, Interim Vice President for Academic Affairs and Provost, Ms. Lynne C. Schaefer, Vice President

for Finance and Administration, Dr. Randal D. Hansen, Interim Vice Provost for Research and Graduate Study, and Mr. Zambardi as the team who worked diligently on this proposal. He especially recognized Mr. Zambardi's efforts in facilitating the agreement documents. President Russi also noted that the team was supplemented by the services of Mr. Jay Rising, an attorney with Miller Canfield who is an expert in SmartZones and wrote the SmartZone legislation for the State of Michigan. He also recognized the participation of Chair Baskin and Trustee Crissman in attending meetings with Rochester Hills and Oakland County.

President Russi presented the following highlights regarding the SmartZone proposal:

- The essence of the recommendation is to create a SmartZone in partnership with the City of Rochester Hills and the Michigan Economic Development Corporation (MEDC). SmartZones are intended to stimulate the growth of technology-based businesses and jobs by aiding in the creation of recognized clusters of new and emerging businesses, those primarily focused on commercializing ideas, patents and other opportunities surrounding the University and private research institutes' research and development efforts.
- Municipalities with designated SmartZones are allowed to capture the growth and property taxes within the boundaries of the SmartZone for use for the SmartZone. The captured revenue from those taxes can be used for a variety of activities, such as to support the creation and operation of business incubators, construction of certain publicly-owned high tech support facilities including research and development laboratories, teleconferencing and training centers, as well as infrastructures such as high band width telecommunications. By locating SmartZones, primarily at or near universities or research institutes, other components of a nurturing environment will be present, including a ready supply of students and interns and access to ideas, research and development, intellectual property, and university faculty who will be available for consultation.
- Only municipalities like the City of Rochester Hills, that created Local Development Financing Authorities (LDFA), can create a certified tech park. The term SmartZone is simply the official service mark designation owned and adopted by the MEDC to identify and market statutorily designated certified technology parks. The MEDC was allowed to designate up to 10 areas in zones created by LDFAs as SmartZones by December 31, 2002. Nine SmartZones have already been created in the State of Michigan, and there is one left. It is believed that it is important that Oakland County have a SmartZone for economic development.
- Oakland University has been working with Rochester Hills, the MEDC, Oakland County government, and the City of Southfield, which also has created an LDFA, and Lawrence Technological University, to designate the last available SmartZone in Oakland County.

- The Oakland County SmartZone will have three parts: First, a certified technology park designation for Rochester Hills, which is represented in the proposed Rochester Hills Certified Technology Park Agreement; second, a certified technology park, which has already been designated for Southfield; and third, a SmartZone coordinating council, which is represented by the draft Automation Alley SmartZone Operating Agreement.
- Pursuant to the Rochester Hills Certified Technology Park Agreement, Oakland University would develop and implement programs designed to foster the use of any business incubator developed by, or in conjunction with, Oakland University, with support of tax increment revenues. Other high technology enterprises would also be developed including a program to support student involvement and assistance in identifying students and graduates for potential employment; intellectual property protection consultation for technologies involving Oakland University; provisions for tenants of a business incubator which could include non-exclusive access to meeting facilities; opportunities for involvement in Oakland University based education and research activities; and access to library services to the extent necessary to support the process and obtain faculty appointments and consultations.
- Oakland University will also provide similar services to Southfield in cooperation with Lawrence Technological University. Neither the proposed Rochester Hills Certified Technology Park Agreement nor the draft SmartZone Operating Agreement requires Oakland University to dedicate or permit the use of the University's real property for a business incubator or other use in connection with a certified technology park. However, Oakland University will have that option in the future, pending Board approval. Neither the proposed Rochester Hills Certified Technology Park Agreement nor the draft SmartZone Operating Agreement restricts or changes in any way Oakland University's ability to apply for or receive grants or any other funds that would otherwise normally come to Oakland University.
- The proposed Rochester Hills Certified Technology Park Agreement was prepared by the MEDC in consultation with Oakland University and Rochester Hills. In that regard, Oakland University retained the services of the attorney who authored the SmartZone legislation for the State of Michigan, Mr. Rising. The proposed Rochester Hills Certified Technology Park Agreement has already been reviewed and approved by the Office of the General Counsel and is in compliance with the law and Oakland University's policies and regulations and conforms to the legal standards and policies of the Board of Trustees. The draft SmartZone Operating Agreement is the product of the same collaboration. The Rochester Hills City Council approved the Rochester Hills Certified Technology Park Agreement unanimously on Wednesday, December 18, 2002, and the Rochester Hills LDFA unanimously approved the same Agreement on Thursday, December 19, 2002.

President Russi then listed the following benefits to Oakland University from this relationship: (1) There are increased opportunities for basic and applied research in partnership with business, industry, and government. (2) Undergraduate and graduate student placements with SmartZone high technology businesses. (3) Degree and certificate program development in collaboration with SmartZone businesses. (4) Enhanced technology transfer and commercialization of Oakland University intellectual property. (5) Faculty and staff internships. (6) SmartZone program and research grants and contracts. (7) Development of business incubators. (8) External experts to enrich the classroom experience for Oakland University students. (9) Expertise from business and industry and government to serve on advisory boards for Oakland University. (10) Visibility for Oakland University as a leader in applied research. (11) The opportunity to partner with Oakland County government, the cities of Rochester Hills and Southfield, as well as Lawrence Technological University to strengthen economic development and relationships with major businesses. (12) Increase fundraising to support academic and student programs. (13) Attracting and retaining top quality faculty, staff, and students to Oakland University.

President Russi presented the following recommendation for Board approval:

RESOLVED, that the Board of Trustees authorizes the President to execute the attached Rochester Hills Certified Technology Park Agreement; and, be it further

RESOLVED, that the Board of Trustees authorizes the President to execute a SmartZone operating agreement that is in all material respects consistent with the attached draft Automation Alley SmartZone Operating Agreement. Any such SmartZone operating agreement shall be reviewed and approved by the Office of the General Counsel prior to execution and shall be in compliance with the law and Oakland 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 Board of Trustees authorizes the President to take, or cause to be taken, including without limitation executing agreements, documents, or other instruments, all other actions deemed necessary or desirable under the circumstances to accomplish the purposes of the transactions authorized by these resolutions. Any such agreements, documents, or other instruments shall be reviewed and approved by the Office of the General Counsel prior to execution and shall be in compliance with the law and Oakland University policies and regulations and shall conform to the legal standards and policies of the Board of Trustees. The President shall duly report all such actions to the Board.

President Russi also noted that participation in the Certified Technology Parks or SmartZone will not require any general fund support or additional personnel; however, it will require additional time commitments from existing staff.

Chair Baskin thanked President Russi for his presentation.

Trustee Penny M. Crissman asked how the captured tax of some of the land located in Rochester Hills would be utilized. President Russi replied that Rochester Hills LDFA would have its own governing structure, which would decide how that money is applied.

Trustee Dennis K. Pawley asked if the proposed SmartZone is the only one that has two universities represented. Chair Baskin responded that other SmartZones do include universities that have teamed with colleges or other universities, such as in Kent County where Grand Rapids Community College has joined a SmartZone with Grand Valley State University. Chair Baskin added that it is clear to him, as a result of discussions, that Oakland University will be in a leadership role in the Oakland County SmartZone.

Trustee Pawley inquired if a proposed business incubator was incorporated into the SmartZone, whether Oakland University would have preference in its operations over Lawrence Technological University. Chair Baskin replied that it would depend on the focus of the incubator. For example, while Rochester Hills and Oakland University are aligned very closely with Oakland County, there was a question as to the use of the captured money from Southfield. Southfield's priority is road repair on the freeway ramps, while Oakland University's need is to grow the community, establish businesses, exchange students, and information, and possible patents and ownership interests. Chair Baskin noted that Oakland University is not tied inextricably to Lawrence Tech as a partner, but it is tied, by its own design, to Rochester Hills and Oakland County as one group. Although Southfield and Lawrence Tech are included, the University's role as a leader is not diminished.

Trustee Ann V. Nicholson asked President Russi if he foresaw any potential downside to participating in this SmartZone, and President Russi responded that he does not at this point; however, as the business relationships develop, there might be some potential stress points associated with them. He noted that some of the other SmartZones have experienced some outstanding work done on behalf of the communities and the universities. For example, in the Ann Arbor area the University of Michigan has joined with Eastern Michigan University in their SmartZone and they have now begun to spin out approximately 12 businesses in that area. That SmartZone has also provided great opportunities for students to be associated with research activities and faculties are driving that research and consultation. President Russi added that they are seeking Federal and State money to support some of their activities, which is funded through the universities and the SmartZones themselves. He commented that, looking at some of the success stories in the State of Michigan, he believed that because of Oakland University's location in Oakland County, there is great potential for success in this venture.

Chair Baskin added that he and Trustee Crissman asked that same questions about any possible downside to participating in this SmartZone, and found that there is nothing that financially impacts Oakland University in land or personnel.

Trustee David J. Doyle asked President Russi about the timeframe and the next steps that need to be taken in finalizing the Agreement. President Russi replied that the Agreement must be approved by December 31, 2002, and that upon Board approval, he proposal would be presented to the MEDC for immediate action. President Russi asked Mr. Rising to comment on the process. Mr. Rising stated that, after execution of the Certified Technology Park Agreement, Rochester Hills would expand its LDFA district to include Oakland University's property within Rochester Hills. A plan will also be written that describes the purposes for the captured taxes from revenues as authorized by the MEDC and the State Treasurer. President Russi added that Rochester Hills will also put together a plan for the use of tax increments, and Oakland University will work with Oakland County to create a coordinating body. Afterwards, policies and procedures will be drafted associated with the overall SmartZone of Oakland County, which would include two Certified Technology Parks, one in Rochester Hills and one in Southfield. The coordinating body for the Oakland County SmartZone would have representation from each of the partners.

Mr. Zambardi reiterated that the agreement that the Board was being asked to approve had already been executed by the MEDC, Rochester Hills City Council, and the Rochester Hills LDFA. Thus, it would be operative upon Board approval and Dr. Russi's execution.

Trustee Crissman commended the City of Rochester Hills for having the foresight in 1994 to establish the LDFA. She stated that she was glad that the President was able to determine that they had an LDFA in order to put this proposal together. Trustee Crissman noted that this project is a wonderful opportunity for Oakland University, Oakland County, and Automation Alley.

Chair Baskin again congratulated President Russi and Mr. Zambardi for realizing that there was such an opportunity that no one seemed to have been taking advantage of in this particular county. He noted that Automation Alley is not the SmartZone, but that Oakland University would be authorized by the Operating Agreement to use the trademark or trade name of "Automation Alley." Chair Baskin stated that, for example, there are some universities, such as Michigan State University, who were given patents by business enterprises. In those cases, the donors received a tax write off while the universities took ownership of the patents, which sometimes became viable moneymakers and produced income for the universities. He added that Oakland University is on a fast track with this proposal.

Trustee Crissman moved, and Trustee Nicholson seconded, approval of the resolution. Mr. Zambardi conducted a roll call vote as follows:

Trustee Baskin:	Yes
Trustee Crissman:	Yes
Trustee Doyle:	Yes
Trustee Muchmore:	Yes
Trustee Nicholson:	Yes
Trustee Pawley:	Yes

The motion was unanimously approved by those present.

Chair Baskin commented that this is a great gift that is being given to Oakland University, and that it is a legacy that the Board and the administration will be leaving to Oakland University.

At this time, Trustee Muchmore expressed appreciation for the opportunity to work with the Board and the Oakland University community, and he extended his hope that the year 2003 will be a great one for Oakland University.

IV. Adjournment

Chair Baskin adjourned the meeting at 11:37 a.m.

Submitted,

Approved,

Victor A. Zambardi
Secretary to the Board of Trustees

Henry Baskin
Chair, Board of Trustees