

**Minutes of the Formal Session
of the
Oakland University Board of Trustees
October 8, 2018**

Present: Chair W. David Tull; Vice Chair Tonya Allen; and Trustees, Richard L. DeVore, Marianne Fey, Ronald E. Robinson, Mark E. Schluskel, and Melissa Stolicker

Absent: Trustee Robert Schostak

Also Present: President Ora Hirsch Pescovitz; Chief Operating Officer Scott G. Kunselman; Senior Vice President James P. Lentini; Vice Presidents John W. Beaghan, Rochelle A. Black, Glenn McIntosh, Michael J. Westfall, John O. Young, Vice President and Secretary to the Board of Trustees Victor A. Zambardi

A. Call to Order

Chair W. David Tull called the meeting to order at 2:00 p.m. in Banquet Room A of the Oakland Center.

B. Roll Call

Mr. Victor A. Zambardi, Vice President for Legal Affairs, General Counsel and Secretary to the Board of Trustees, conducted a roll call and all of the Board members were present, except Trustee Robert Schostak.

C. President's Report and Professor Report

President Pescovitz began the Report indicating that Oakland University hosted the Governing Boards Higher Education Summit, which included trustees and presidents of all of Michigan's public universities along with the Governor, the Governor's wife and a gubernatorial candidate. The Summit had as its focus public higher education in Michigan.

The final headcount for Fall 2018 is 19,309 students, which included an increase in first year in any college students of 9.9% and an increase of graduate students of 3.2%, which are record numbers for Oakland. Credit hours increased by .07% and the average GPA for this class was 3.5 and the average SAT score was 1130, which makes it Oakland's most academically talented class. Further, the Honors College had the largest entering honors class ever, with more than 620 students with an average GPA of 3.97. The retention rate for 2017 was 76.4%, with the first-year enrolled students' retention rate increasing by .09% and transfer students retention rate increasing by 2.9%.

The strategic plan had an ambitious target for the year 2025 for the 6-year graduation rate of 55%, which was already hit in 2017, therefore that target will be increased. The 4-year target of 31.2% has nearly been met and the rate for underrepresented minority students is at 37.6% with the target in the low 40's. Oakland's goal, of course, would be to retain and graduate all students, so there is still work to do, but the current results are outstanding.

Hillcrest Hall was formally opened and is a 291,000 square foot dormitory, which includes a dining hall, meeting spaces, classrooms and 750 beds with a suite-style living pattern with four bedrooms for each suite, along with study lounges. The Oakland Center expansion has added 60,000 square feet to our student center to include meeting rooms, huddle rooms, a reflection room and even a Plum Market.

President Pescovitz continued noting that, nationally, in the fall of 2012, 63.1% of students were able to attend the university that they considered their first choice. By 2017, that percentage had dropped 8.7% so, only 54.4% of students were attending the university that was their first choice university. At OU, in fall of 2012, a similar percent of OU students (63.3%) had chosen Oakland University as their first choice university. However, in 2017, 66.8% of the students who attended Oakland had chosen Oakland as their first choice university, an increase of 3.2%, which shows that Oakland University is the "University of Choice" for an increasing number of students.

Dr. Lentini introduced Professor Dunya Mikhail, who won a Guggenheim Fellowship this year, which are given to the top people in the country in the creative arts, social sciences, natural sciences, and humanities. The Guggenheim Foundation strives to advance education, literature, the arts and sciences, all while promoting the interests of international understanding. Professor Mikhail's poetry accomplishes these goals in distinctive and provocative ways. A native of Iraq, a graduate of the University of Baghdad and a former journalist and translator, she left her country after the publication of her creative works subjected her to censorship and interrogation. It was the quality and character of this innovative work, which in part revealed subversive and satirical perspectives on a variety of topics that excited both the complimentary and critical reactions she has received.

Professor Mikhail thanked the President and Oakland for recognizing and supporting her work and concluded her remarks reading her poem, "The War Works Hard."

D. Consent Agenda for Consideration/Action

Consent Agenda

Minutes of the Board of Trustees Formal Session of August 13, 2018

University Personnel Actions

RESOLVED, that the Board of Trustees approve the personnel actions below.

I. New Appointments

Effective August 15, 2018

AlSalman, Zeina, Assistant Professor of Economics, (\$88,000)

Andreeva, Petya, Assistant Professor of Art History, (\$55,000)

Bazinski, Stephen, Special Instructor in Engineering, (\$72,000)

Berry, Sharon, Special Instructor in Logic, (\$50,000)

Beyeh, Ngong, Assistant Professor of Chemistry, (\$66,000)

Bills, Patricia, Assistant Professor of Education, (\$64,000)

Carmichael, Felicita, Assistant Professor of Writing, (\$55,000)

Caushaj, Eralda, Assistant Professor of Management Info Systems, (\$110,000)

Charlesworth, William, Assistant Professor of Studio Art, (\$56,000)

Cholis, Ilias, Assistant Professor of Physics, (\$75,000)

Cooley, Chris, Assistant Professor of Engineering, (\$85,000)

Dantzler, Alta, Assistant Professor of Music, (\$56,000)

Djavadghazaryans, Angineh, Assistant Professor of German, (\$56,000)

Edwards, William, Special Instructor in Engineering, (\$65,000)

Glover, Toni, Assistant Professor of Nursing, (\$82,000)

Greiner, Michael, Assistant Professor of Management, (\$105,000)

Grey, Lorise, Assistant Professor of Education, (\$62,000)

Kim, Jaemin, Assistant Professor of Management, (\$108,000)

Ling, Yan, Assistant Professor of Management, (\$117,500)

Ma, Zenin, Assistant Professor of Public Relations & Strategic Comm, (\$56,000)

Mollah, Ad Atiquil, Assistant Professor of Engineering, (\$85,000)

Oleksyk, Taras, Assistant Professor of Biological Sciences, (\$72,000)

Rabii, Watoii, Assistant Professor of Criminal Justice, (\$58,000)

Reifert, Justin, Assistant Professor of Cinema Studies, (\$57,000)

Rohn, Edward, Assistant Professor of Health Sciences, (\$65,000)

Roumani, Yaman, Associate Professor of Management Info Systems, (\$131,000)

Rrushi, Julian, Assistant Professor of Engineering, (\$90,000)

Sen, Amartya, Assistant Professor of Engineering, (\$85,000)

Smith, Martha, Assistant Professor of Engineering, (\$83,000)

Smith Bohannon, Maria, Assistant Professor of Graphic Design, (\$56,000)

Song, Fei, Assistant Professor of Operations Management, (\$118,000)

Wenson, Jennifer, Special Instructor in Education, (\$62,000)

Zytka, Douglas, Assistant Professor of Engineering, (\$85,000)

Acceptance of Gifts and Pledges to Oakland University for the Period of July 27, 2018 through September 19, 2018

RESOLVED, that the Board of Trustees accept the gifts and pledges to Oakland University identified in the Gifts and Pledges Report, Attachment A, for the period of July 27, 2018 through September 19, 2018.

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

Acceptance of Grants and Contracts to Oakland University for the Period of July 1 – September 30, 2018

RESOLVED, that the Board of Trustees accept the grants and contracts to Oakland University identified in the Grants and Contracts Report, Attachment A, for the period of July 1 – September 30, 2018.

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

Fiscal Year 2020 Five-Year Capital Outlay Plan and Fiscal Year 2020 Capital Outlay Project Request

RESOLVED, that the Board of Trustees approves the submission of the attached Fiscal Year 2020 Five-Year Capital Outlay Plan and Fiscal Year 2020 Capital Outlay Project Request to the State of Michigan, State Budget Office, as representative of Oakland University's capital budget needs.

(A copy of the Fiscal Year 2020 Five-Year Capital Outlay Plan and Fiscal Year 2020 Capital Outlay Project Request is on file in the Board of Trustees Office.)

Sale of Rose Township Property

RESOLVED, that the President and the Vice President for Finance and Administration, and their respective designees, are authorized to take, without limitation, the following actions consistent with Board Policy: (i) negotiate and contract with a real estate broker for a fair market commission to assist in setting the listing price and sale of

the Rose Township Property; provided however, that the name of the broker and the terms of the contract shall be reported to the Board prior to the execution of the contract; (ii) list the Rose Township Property on the open market to all qualified bidders; (iii) reserve the right of the University to reject any and all bids for any reason, including the rejection of any bid if the University determines that the public's interest, or that of the University, shall not be served by the sale to any bidder; (iv) contract with a surveyor if a survey becomes necessary, and/or such other professionals as necessary or appropriate to consummate a sale; and, be it further

RESOLVED, that the Board waives the Board Policy requirement that the Property be evaluated by three qualified appraisers; and, be it further

RESOLVED, that the Board of Trustees further authorizes the President and the Vice President for Finance and Administration, and their respective designees, to perform all other acts and deeds and to execute and deliver all other contracts, instruments, and documents required by this resolution that are necessary, expedient and proper in connection with the listing and sale of the Rose Township Property; and, be it further

RESOLVED, that all said contracts, instruments, and documents shall be reviewed by and be in a form acceptable to the Vice President for Legal Affairs and General Counsel prior to execution, and be in compliance with the law and with University policies and regulations and conform to the legal standards of the Vice President for Legal Affairs and General Counsel.

Trustee Schlusser, seconded by Trustee Fey, moved approval of the Consent Agenda and the motion was unanimously approved by those present.

E. New Items for Consideration/Action

Treasurer's Report

Mr. John W. Beaghan, Vice President for Finance and Administration, presented the Treasurer's Report as set forth in the agenda item. Mr. Beaghan noted that as part of his Treasurer's Report, it has been a tradition to bring Oakland's investment advisors to speak to the Board directly. UBS representatives will present on Oakland's endowment and CommonFund representatives will present on Oakland's working capital.

Becky Sorenson of UBS indicated that the endowment was up 9.85% for the period ended June 30 of 2018. It performed very well especially in comparison to the overall benchmarks of each piece of the endowment and at the primary benchmark that it performs against. Equities did very well and up 13.8%. There was good performance from large cap stocks, primarily growth, which outperformed value significantly and also smaller cap stocks added to the portfolio. Hedge funds were up about 9% and private equity was up 10% in performance, which was increased from \$2M last year to \$5M this year. Fixed income was basically flat for the year and was the only detractor. Oakland's portfolio has outperformed similar universities of size based on the data received from the NACUBO study for the one, three, five and 10-year periods.

Darin McBride continued, reporting that equity markets continue to move higher based on strong earnings growth, attractive valuations and accommodative financial conditions. Caution is appropriate however due to the maturing cycle. There are many dynamics taking place throughout the world that compose potential problems to equity markets including trade friction, trade tariffs, further rate increases, slowing growth in China and oil prices rising. That being said, the outlook for a well-diversified portfolio is positive. We continue in an economic environment of strong global growth, well inflation and lower negative interest rates, but we do anticipate increased volatility and should be prepared for a potential pullback. The U.S. business cycle remains in a mid to late cycle while manufacturing and nonmanufacturing sectors remain in expansionary territories.

After discussion concerning proxy voting, Chair Tull suggested that Mr. Beaghan send out to the Board of Trustees the current investment policy to determine if any revisions are necessary.

Deborah Spalding of the CommonFund continued, reporting on the working capital. She indicated that unlike an endowment, which is a longer-term portfolio, the working capital portfolio is focused on liquidity and capital preservation, and so it is much more defensive than the endowment portfolio. For the fiscal ended June 30, Oakland's portfolio performed quite well. There is a traditional benchmark, which is 3-month Treasury bills and a policy benchmark, which is a weighted benchmark consistent with the asset allocation of Oakland's portfolio. The operating portfolio returned 3.89% versus the traditional benchmark of 2.96% and versus the policy benchmark of 3.81%. Not surprisingly, equity markets were strong drivers of absolute performance and so, the returns in terms of the dollar basis was really driven by equities. The operating portfolio has about a 20-25% exposure to equities so, it is really not fully exposed like the endowment and it has actually a max exposure to equities of 30%. The operating portfolio was positioned on the shorter end of interest rates and did not have exposure to more of the volatility at the longer end of the rate curve. From a quarter to date perspective ending June 30, the portfolio returned .88% versus the traditional benchmark of .86% and versus the policy benchmark of 1.02%.

Ryan Driscoll continued with a discussion of the Fed rate hikes. We now have nominal interest rates in the front 2 to 2.25%, which directly benefits operating portfolios and treasury portfolios because it makes it a more productive part of the balance sheet and feeds into the mission of the overall University and it makes it easier to meet Oakland's obligations. Looking forward, they envision the opportunity to de-risk the portfolio and still achieve the return targets that they like to hit.

In response to a question from Chair Tull, Mr. Driscoll indicated that the duration on the portfolio was slightly lower because of the cyclicity of the cash flows in September, however, the traditional duration is around 2.3 to 2.7 years, which is shorter than a 3-year treasury bond.

Financial Statements, June 30, 2018 and 2017

Trustee Melissa Stolicker presented the Financial Statements, June 30, 2018 and 2017 recommendation as set forth in the agenda item.

RESOLVED, that the Board of Trustees accepts the Financial Statements, June 30, 2018, and 2017, which were audited by the Board of Trustees's public accounting firm, Plante & Moran P.L.L.C.

Trustee Stolicker noted that an Audit Committee meeting was held the previous week, which included presentations by Plante Moran on the basic financial statements and the audit of federal awards. Both opinions on the general purpose or basic financials as well as the federal audit were the clean, unmodified opinion, which is what you want. There were no findings or question costs in the single audit and no management letter recommendations.

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

Schedule of Expenditures of Federal Awards, Year Ended June 30, 2018

Trustee Stolicker presented the Scheduled of Expenditures of Federal Awards, Year Ended June 30, 2018 recommendation as set forth in the agenda item.

RESOLVED, that the Board of Trustees accepts the Schedule of Expenditures of Federal Awards, Year Ended June 30, 2018, which was audited by the Board of Trustees's public accounting firm, Plante & Moran P.L.L.C.

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

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

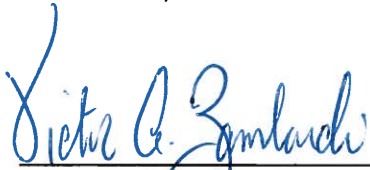
There were no other items for consideration/action presented to the Board.

G. Adjournment

Chair Tull adjourned the meeting at 3:05 p.m.

Submitted,

Approved,



Victor A. Zambardi
Secretary to the Board of Trustees

W. David Tull
Chair, Board of Trustees