

**Minutes of the Formal Session
of the
Oakland University Board of Trustees
September 12, 2007**

Present: Chair Dennis K. Pawley; Vice Chair David T. Fischer; and Trustees Henry Baskin, Penny M. Crissman, Monica E. Emerson, Jacqueline S. Long, Ann V. Nicholson, and Ganesh V. Reddy

Also Present: President Gary D. Russi; Vice Presidents John W. Beaghan, Susan Davies Goepp, Mary Beth Snyder, and Virinder K. Moudgil; General Counsel and Secretary to the Board of Trustees Victor A. Zambardi and Assistant Rhonda G. Saunders; and Student Liaisons Samir R. Hanna and Aaron L. Kochenderfer

A. Call to Order

Chair Dennis K. Pawley called the meeting to order at 2:02 p.m. in the Auditorium of Elliott Hall of Business and Information Technology.

B. 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 Trustee David T. Fischer who joined the meeting when indicated in the minutes.

C. Reports

Tab 1. 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.

In response to a question from Chair Pawley, Mr. Beaghan stated that different scenarios are being considered for how the State delayed payments will be allocated if they are actually received.

Trustee Fischer joined the meeting at this time.

Chair Pawley thanked Mr. Beaghan for his report.

Tab 2. Annual Purchasing Report

Ms. Maria E. Ebner-Smith, Purchasing Manager, presented the Annual Purchasing Report as set forth in the agenda item.

In response to a question from Chair Pawley regarding the computer purchase process with Central Michigan University (CMU), Ms. Maria Ebner-Smith replied that CMU offered Oakland University (University) the option to join them in a large computer purchase after they completed a formal Request for Proposal (RFP) competitive bid process based on one single computer specification. She noted that 18 University departments participated in this order at a \$30,000 savings.

In response to a question from Trustee Ganesh V. Reddy regarding competitive computer purchases through the State of Michigan, Ms. Ebner-Smith explained that although it was considered, it is difficult for a group of universities to make that large of a purchase with the State because the specifications are too varied.

Chair Pawley thanked Ms. Ebner-Smith for her report.

Tab 3. Annual Energy Report

Mr. James A. Leidel, Energy Manager, presented the Annual Energy Report as set forth in the agenda item.

In response to a question from Trustee Baskin regarding the benefits to the University from allowing Detroit Edison to build a substation on the southeast corner of campus, Mr. Leidel replied that the substation provides the University with an electrical service feed for proximity of circuitry, a site for the new generators, reliability, a site for a fifth feeder for power to the east campus, a fiber-optic conduit path, and a projected capacity to provide power to the campus into the next decade.

In response to a question from Trustee Baskin regarding power coverage, Mr. Leidel explained that the current backup generators can power half the campus with the air conditioning turned off, within a five-second power loss.

In response to questions from Chair Pawley on the interruptible rate, Mr. Leidel replied that Detroit Edison offers the University the ability to fire up the backup generators for two to six hours a day several days a year based on an integrated power parallel that is imperceptible. He noted the University also has funds to run a natural gas line to that site to reduce costs for hours of operation.

In response to an additional question from Chair Pawley on generator maintenance, Mr. Leidel replied that the out-of-state vendor who refurbished and supplied the generators will be able to remotely view the web-based graphic data and work with a local vendor contracted by the University to manage the project.

In response to a question from Trustee Baskin, Mr. Leidel stated the initial Energy Services Project (ESP) included using interruptible rate savings to fund the purchase of more generators in the future to supply power to the entire campus.

In response to questions from Chair Pawley and Trustee Reddy, Mr. Leidel replied that ESP rate of return savings will be included in the next annual report.

Chair Pawley thanked Mr. Leidel for his report.

D. Consent Agenda for Consideration/Action

Tab 4. Consent Agenda

Chair Pawley asked if any of the Trustees wished to remove any item from the Consent Agenda for discussion, and there were no requests.

Chair Pawley then presented the following Consent Agenda recommendations for Board approval:

Tab 5. Minutes of the Formal Session of August 15, 2007

Tab 6. Acceptance of Gifts to Oakland University for the Period of July 1 through July 31, 2007

RESOLVED, that the Board of Trustees accept the gifts to Oakland University identified in the attached Gift and Pledge Report, Attachment A, for the period July 1, 2007 through July 31, 2007.

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

Tab 7. Acceptance of Grants and Contracts to Oakland University for the Period of July 1 through July 31, 2007

RESOLVED, that the Board of Trustees accept grants and contracts to Oakland University identified in the attached Grants and Contracts Report, Attachment A, for the period of July 1 through July 31, 2007.

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

Tab 8. Final Undergraduate School and Graduate School Reports Spring 2007— June 27, 2007

RESOLVED, that the Board of Trustees approves granting the degrees more fully described in the Final Undergraduate School Report and the Final Graduate School Report, each dated June 27, 2007.

Tab 9. Revised Oakland University Student Congress Constitution

WHEREAS, the Oakland University Board of Trustees recognizes the Oakland University Student Congress as an organization to advise the President in regard to policies and programs relating to student life; and

WHEREAS, the Oakland University Student Congress is organized and functions in accordance with such Constitution of the Oakland University Student Congress as may be approved or amended by resolution of the Oakland University Board of Trustees; and

WHEREAS, over the past 11 years the demographics, size and needs of the Oakland University Student Body have changed; and

WHEREAS, the needs, therefore, of the Oakland University Student Congress have likewise changed to effectively and efficiently represent the student body; and

WHEREAS, there was a critical need for outdated policies and procedures to be revisited; and

WHEREAS, the disciplinary procedures and interpretive powers of the OUSC needed to be more clearly defined; and

WHEREAS, these needs have necessitated additional committees to be added to the structure of the Oakland University Student Congress; and

WHEREAS, on March 26-28, 2007 the student body of Oakland University voted to approve amendments to the Constitution of the Oakland University Student Congress by attaining a margin of 61%; now, therefore, be it

RESOLVED, that notwithstanding any provision contained in the proposed Constitution of the Oakland University Student Congress or the Bylaws of the Oakland University Student Congress referenced therein, the Oakland University Board of Trustees reconfirms and retains its legal authority to grant, modify and rescind constitutions of Oakland University internal governance bodies when the Board of Trustees determines such action to be in the interest of Oakland University or required to comply with its legal obligations; and be it further

RESOLVED, that the Oakland University Board of Trustees under the conditions set forth above, authorizes the immediate implementation of the amended Oakland University Student Congress Constitution attached as Appendix B to this agenda item.

Tab 10. Annual Financial Statements – June 30, 2007 and 2006

RESOLVED, that the Board of Trustees accept the Financial Statements, June 30, 2007 and 2006, which were audited by the public accounting firm of Andrews Hooper & Pavlik P.L.C.

Tab 11. Schedule of Expenditures of Federal Awards Programs in Accordance with OMB Circular A-133 Year Ended June 30, 2007

RESOLVED, that the Board of Trustees accept the Schedule of Expenditures of Federal Award Programs in Accordance with OMB Circular A-133 year Ended June 30, 2007, as presented by the public accounting firm of Andrews Hooper & Pavlik P.L.C.

Trustee Penny M. Crissman, seconded by Trustee David T. Fischer, moved approval of the Consent Agenda, and the motion was unanimously approved by those present.

E. Postponed Items for Consideration/Action

Next Item. Appointment of Board Chair and Vice Chair – Ad Hoc Nominating Committee Recommendation

Trustee Nicholson reported that the Ad Hoc Nominating Committee (Nominating Committee) consisted of Trustee Rex E. Schlaybaugh, Jr., Trustee Penny M. Crissman and herself. She explained that the Nominating Committee tries to ensure that Vice Chairs have the opportunity to serve for at least one term before serving as Chair.

On behalf of the Nominating Committee, Trustee Nicholson presented the following recommendation for Board approval:

RESOLVED, that the Board of Trustees Ad Hoc Nominating Committee recommends approval of the appointment of Trustee Dennis K. Pawley as Chair of the Board of Trustees for a second one-year term; and, be it further

RESOLVED, that the Board of Trustees Ad Hoc Nominating Committee recommends approval of the appointment of Trustee Jacqueline S. Long as Vice Chair of the Board of Trustees for a one-year term.

Trustee Crissman, seconded by Trustee Monica E. Emerson, moved approval of the recommendation, and the motion was unanimously approved by those present.

Chair Pawley congratulated Trustee Long on her appointment as Vice Chair, and commented that he looks forward to working with her over the coming year. He added that he has appointed Trustee Fischer, the outgoing Vice Chair, to serve as Chair of the Finance, Audit and Investment Committee.

F. New Items for Consideration/Action

Tab 12. Appointment of Endowment Investment Manager

Mr. Beaghan presented the Appointment of Endowment Investment Manager as set forth in the agenda item. He noted that this item was presented and thoroughly discussed at the September 6, 2007 Finance, Audit and Investment Committee meeting.

Trustee Baskin, seconded by Trustee Fischer, moved approval of the following resolution:

WHEREAS, the Board of Trustees wishes to maximize the endowment investment total return of the University; and

WHEREAS, the Board of Trustees expects to achieve its investment return goals with minimal and acceptable investment risk as described in the *“Investment Policy for Endowment”*; and

WHEREAS, the University has engaged in a competitive search and extensive review of potential endowment investment managers; now, therefore, be it

RESOLVED, that the Vice President for Finance and Administration is authorized to execute any and all agreements and resolutions necessary to establish operating and investment accounts with UBS Financial Services or any subsidiaries or related parties recommended by the investment managers required to implement the investments through these firms; and, now, be it further

RESOLVED, that the instruments and documents to implement this resolution will be reviewed and approved by the Office of the General Counsel prior to execution, and will be in compliance with the law and University policies and regulations and will conform to the legal standards and policies of the Board of Trustees.

Trustee Fischer expressed confidence in UBS’s commitment to provide the best service to the University especially during a time when volatility and safety in the investment world are serious concerns.

The motion was unanimously approved by those present.

Tab 13. Purchase of a High-Performance Parallel Computer

Dr. Virinder K. Moudgil, Vice President for Academic Affairs, called on Dr. Mark W. Severson, Chair of Chemistry, who presented the Purchase of a High-Performance Parallel Computer as set forth in the agenda item.

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

RESOLVED, that the Board of Trustees authorizes the Vice President for finance and Administration to execute a requisition to purchase a Silicon Graphics, Incorporated Altix 450 Computer. The purchase order will include instrument delivery, installation, training, and a one-year Full Care Support service agreement.

In response to a question from Trustee Baskin, Dr. Severson replied that the Altix 450 Computer will allow the University to be more competitive with other researchers around the world. He specifically noted that it will allow faculty members to research open shell

interactions in metal interactions; protein folding applications to Alzheimer's disease; and radiation damage in DNA.

In response to questions from Trustee Reddy, Dr. Severson replied that, although both the Physics and Mathematics Departments have their own large cluster computers, shared maintenance is not an option since they are different systems than the Altix 450. He also noted that the annual maintenance cost for the Altix 450 is \$11,500 for the second and third years.

In response to questions from Trustees Fischer and Reddy on University-wide computer maintenance and standardization policies, Ms. Theresa M. Rowe, Assistant Vice President for University Technology Services, replied that the University has about 150 servers in the data center for a wide variety of special purposes which are grouped into categories for maintenance pricing. She noted that the University is always trying to reduce costs in that area, and is currently pursuing virtualization technology to reduce the number of servers. Ms. Rowe added that, although standardization has value in certain offices, the University has to proceed very carefully so it does not reduce the faculty's ability to do specialized research and teaching.

The motion was unanimously approved by those present.

Tab 14. Nike Athletics Apparel Agreement

Mr. Tracy A. Huth, Interim Athletics Director, presented the Nike Athletics Apparel Agreement as set forth in the agenda item.

Trustee Reddy, seconded by Trustee Crissman, moved approval of the following resolution:

RESOLVED, that the President is authorized to execute an exclusive, five (5) year (FY08 -12), multi-sport apparel program contract with Nike USA, Inc. that includes the Contract Terms; and, be it further

RESOLVED, that said contract with Nike USA, Inc. will be reviewed and approved by the Office of the General Counsel prior to execution, and will be in compliance with the law and University policies and regulations, and will conform to the legal standards and policies of the Board of Trustees.

In response to questions from Trustee Baskin regarding the RFP process and actual wholesale prices, Mr. Huth and Ms. Ebner-Smith replied that Nike responded immediately to the RFP; Adidas provided a response only after numerous requests; and Reebok does not work with college programs since they now deal with the NBA and NFL. Mr. Huth noted that both Nike and Adidas have standard five-year contracts with provisions that are basically stated in the agenda item, and his intent was to recommend a supplier based on the information gathered, cost-effectiveness, and prior customer service experiences.

In response to questions from Trustee Reddy, Mr. Huth replied that upon Board approval, the specific contract terms will be reviewed by the General Counsel prior to execution. In response to a question from Trustee Baskin regarding contract negotiations, Mr. Zambardi stated that the General Counsel's office negotiates all contract terms and conditions in order to get the best deal for the University.

After a thorough discussion, Chair Pawley commented that he is satisfied that the Purchasing Department offered unbiased checks and balances to this process.

Trustee Emerson stated it is her understanding that this recommendation has been brought forward after considerable discussion with the potential suppliers, and that it reflects the University's best judgment having previously worked with the suppliers and considering all factors such as pricing, service, quality, and responsiveness. Trustee Emerson expressed her support for this recommendation, given the Board's understanding of that process and the General Counsel's further review of the contract to ensure it represents the best interests of the University.

Trustee Crissman concurred with Trustee Emerson's comments, and stated she believes due diligence has been completed in this recommendation. Trustee Crissman also offered her support subject to the General Counsel's review of the final contract.

The motion was approved with seven affirmative votes and one negative vote by Trustee Baskin.

Tab 15. Modification of Culvert Replacement Authorization – Meadow Brook Road

Mr. Beaghan presented the Modification of Culvert Replacement Authorization – Meadow Brook Road as set forth in the agenda item.

Trustee Baskin, seconded by Trustee Nicholson, moved approval of the following resolution:

RESOLVED, that the Board of Trustees authorize the Vice President for Finance and Administration to negotiate and execute a contract(s) to make storm water culvert repairs, not to exceed \$595,000; and, be it further

RESOLVED, that the contract(s) be reviewed and approved by the Office of the General Counsel prior to execution, and be in compliance with the law and University policies and regulations and conform to the legal standards and policies of the Board of Trustees.

In response to questions from Chair Pawley and Trustee Fischer, Mr. Beaghan and Mr. Terry Stollsteimer, Associate Vice President for Facilities Management, replied that on June 6, 2007 the Board was presented with a project cost estimate from an engineering firm, when it should have been communicated as an estimated pre-bid subject to an actual construction firm proposal. Chair Pawley recommended that in the future the administration should inform the Board of emergency situations with estimated costs for

temporary repairs; complete an engineering study and bid process; and return to the Board with the final engineering estimate to complete the project.

Trustees Baskin and Reddy stated that the current recommendation should have included more backup information. They expressed support for this recommendation since it is a necessity, subject to the General Counsel's review and approval of the contract conditions.

Mr. James F. Tallman, Director of Engineering, noted that the bid included a specific scope of work, a not-to-exceed cost barring unforeseen changes, and a 6.5% construction contingency. He also stated that the lowest qualified bidder and proposed contractor for the project, Angelo Iafate Construction Company, included payment performance bonds and bid bond sureties in their proposal.

In response to a request from Student Liaison Samir R. Hanna whether this project could begin in November to eliminate some of the disruption it will cause to students during the holiday breaks, Mr. Stollsteimer replied that beginning in November would push construction into December and January when the ground might be frozen and foul weather would hold up construction.

The motion was unanimously approved by those present.

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

Trustee Baskin congratulated the administration and the University for gaining positive national recognition for the School of Nursing's DAWN Program for displaced out-of-work persons, as noted in the September 11, 2007 *Wall Street Journal*.

As Chair of the Finance, Audit and Investment Committee, Trustee Fischer commended the administration for all of their efforts that resulted in a clean audit and supporting comments from the external auditors, Andrews Hooper & Pavlik.

Trustee Reddy expressed appreciation to President Russi and the administration for taking a very proactive stance during tough budgetary times.

There were no other items presented to the Board.

G. Adjournment

Chair Pawley adjourned the meeting at 3:35 p.m.

Submitted,

Approved,

Victor A. Zambardi
Secretary to the Board of Trustees

Dennis K. Pawley
Chair, Board of Trustees