

**Minutes of the Meeting  
of the  
Oakland University Board of Trustees  
December 16, 1999**

**Present:** Chairperson David J. Doyle; Trustees Henry Baskin, Robert N. Cooper, Penny M. Crissman, David T. Fischer, Louis Grech-Cumbo, Ann V. Nicholson, and Rex E. Schlaybaugh, Jr.

**Also Present:** President Gary D. Russi; Vice Presidents David S. Disend, Louis Esposito, Lynne C. Schaefer, and Mary Beth Snyder; Acting General Counsel & Secretary to the Board of Trustees Victor A. Zarnbardi; and Administrative Assistant Rhonda G. Saunders

**I. Call to Order**

Chairperson David J. Doyle called the meeting to order at 2:07 p.m. in the Gold Rooms of the Oakland Center.

**II. President's Report**

President Gary D. Russi reported the following information:

- Ms. Barbara A. Dahlmann and Mr. James Kitchen were recognized as the November and December Employees of the Month respectively.
- The following faculty members were recognized for their outstanding accomplishments in two programs:

**College of Arts & Sciences - Howard Hughes Medical Institute**

**Undergraduate Research Fellowship in Biological Communication (A**

unique program offering undergraduate students a graduate-type experience):

Dr. Keith Berven, Dr. Rasul Chaudhry, Dr. George Gamboa, Dr. Sheldon Gordon, Dr. Fay Hansen-Smith, Dr. Anne Hitt, Dr. Douglas Hunter, Dr. Charles Lindemann, Dr. Virinder Moudgil, Dr. John Reddan, Dr. Douglas Wendell, Dr. Jill Zeilstra-Ryalls, Dr. Arther Bull, Dr. Denis Callewaert, Dr. Kathleen Moore, Dr. Michael Sevilla, Dr. Janet Blanks, Dr. Michael Hartzler, Dr. Barry Winkler, and Dr. Arik Dvir.

**School of Education & Health Sciences - Conductive Education Program**

(An alternative approach to treating children with cerebral palsy):

Dr. Chris Sermo and Dr. Beth Marcoux.

- An effort to internationalize Oakland University has occurred through new School of Business Administration executive training programs in collaboration with the Chinese Accounting and Finance Training Center in Beijing, China. Dean John C. Gardner reported that the university and the Finance Ministry of China have made an agreement to develop a plan for training up to 200 Chinese finance directors of Fortune 1000 companies on the Oakland University campus. A second agreement with the Personnel Industry Minister is tailored to train up to 500 MBA students in the Beijing area. Dean Gardner is to hold further discussions with the President of the University in Guang Zhou on a joint venture for a distance learning MBA program.
- An invitation was extended to the Board of Trustees and university community to attend the annual Holiday Reception on Friday, December 17, at 3 p.m., in the Fireside Lounge of the Oakland Center.

Chairperson Doyle thanked President Russi for his report and congratulated the faculty for their efforts in enhancing Oakland University's reputation.

**III. Treasurer's Report**

Ms. Lynne C. Schaefer, Vice President for Finance and Administration, reported on the following highlights:

- **Investments Update:** The endowment investment in the Common Fund is invested 70% in the Multi-strategy Equity Fund and 25% in the Multi-strategy Bond Fund. Fiscal year to date from July 1 through November 30, the equity fund has returned about 2.1% after fees, compared to 1.7% of the S&P 500 Index. The bond fund has returned .8%, compared to 1% on the Lehmann Aggregate Bond Index. In October, the pooled cash investment monies were pulled out of the equity portion and placed in short term and intermediate term fixed assets. The fiscal year to date pooled cash return is about 2.3%, and the calendar year to date return is about 2.8%. The shift proved to be a profitable one since the equity portion continued to drop another 1.5% in November.
- **Treasury Management RFP Update:** In October, an RFP was issued to five major banks doing business in Michigan (Bank One, Comerica, National City, Michigan National, and Citizens). Responses have been received and a

selection committee formed that includes Trustee Nicholson. The respondents will make presentations to the university in early January, and the university will return to the Board with a banking recommendation that includes both banking services and pooled cash investments.

Trustee Rex E. Schlaybaugh, Jr. inquired if the applicants were limited to Michigan-based institutions and if the university has a policy governing that process.

Ms. Schaefer replied that some of the banks are headquartered out of state, that they were selected based on whether they do major business in the state, and that there is no policy on that process.

- **Banner Finance Implementation Report:** All modules of Banner Finance are now in operation. The next phase includes development of a "New Chart of Accounts" that will enable the university to report financial performance more efficiently. A "Web for Executives and Web for Students" will provide on-line access to information along with many business services for the students. An "On-Line Purchasing Demonstration Project" will also serve to lead the university toward on-line purchase requisitions, on-line approvals, and a paperless environment.
- **Construction Update:** The Business and Information Technology Building is well underway, within budget, and on schedule for fall of 2000 completion. The project is experiencing a very tight construction market with prices above expectations; however, the university has a guaranteed maximum price on that project. As the university looks at additional projects, the estimates are increased to reflect those market prices. The university is optimistic that in the near future the state will approve funding for the proposed School of Education and Human Services Building.
- **A Look Ahead:** In January, a Budget Performance Report and Financial Overview/Orientation will be presented to the Board that will include a more in-depth explanation of current financial conditions on campus.

In February, an annual Ratio Analysis will be presented to the Board to include data from peer institutions as well as Michigan institutions.

In March/April, recommendations will be presented on the auxiliary budget process relative to reporting, formatting, and policies for charges to auxiliaries.

Trustee Henry Baskin requested that supporting written materials be provided to the Board for future Treasurer's Reports. Ms. Schaefer stated that she would be happy to provide copies of future reports to the Board.

Chairperson Doyle thanked Ms. Schaefer for her report.

#### **IV. Reports**

##### **A. Deferred Maintenance Report**

Ms. Schaefer stated that annually, the Department of Campus Facilities and Operations updates the detailed Deferred Maintenance Backlog listing to reflect completed projects, changing conditions, and construction inflation. The annual update is not a comprehensive inventory of conditions, but builds on the work of previous years. Ms. Schaefer referred to the Deferred Maintenance Backlog listing dated December 1999, noting that it includes over 500 line items totaling approximately \$33 million. Although \$9 million worth of backlog items have been addressed in the past two years, the backlog continues to increase as facilities continue to age. Ms. Schaefer noted that the backlog is priority ranked by building with over 40% of the items listed as "priority one" based on the fact that should these systems fail, they could severely limit critical campus activities and/or result in extensive property damage.

Ms. Schaefer called on Mr. Alan F. Miller, Campus Facilities & Operations Director, who made a comprehensive power point presentation titled "Report of Deferred Maintenance, December 16, 1999, Preserving Oakland's Facilities Portfolio." The presentation highlighted critical deferred maintenance needs in campus facilities. (A copy of the presentation is on file in the Board of Trustees Office.)

Mr. Miller noted that the facilities renewal programs bring together the current operating funds with supplemental funding for deferred maintenance projects for facilities remodeling and renovations, retrofit for energy management, elimination of environment, health and safety problems, transportation systems renewal, and ADA provisions. He also stated that the Facilities Condition Index is the nationally recognized benchmark for evaluating campus buildings. By way of comparison, the desirable goal is 0.02, while across the country the national higher education average is 0.07. Mr. Miller noted that the average of Oakland University's buildings is 0.08, for a subjective rating of fair.

In conclusion, Mr. Miller commented that the deferred maintenance situation at Oakland University is not unique to academic institutions. Oakland is at least on par, if not ahead of other state institutions in not only recognizing the problem, but developing a strategy to cope with and manage deferred maintenance with limited resources. Mr. Miller stated that while the university is still in a catch up mode following years of underfunding facilities renewal, he is pleased that the current administration is interested in addressing this critical issue. He added that although the university is making good progress, the deferred maintenance backlog continues to increase at nearly \$2 million per year. He proposed a goal that the university's leadership and stewardship position along with the legacy that is left behind be one in which the "physical condition is better off when we depart than when we arrived."

Trustee Baskin asked if the university is addressing safety issues of the deteriorating facilities. Mr. Miller commented that the university places a high priority on safety issues and has already addressed a number of them.

Trustee Crissman stated that she understands that the state is considering funding maintenance projects such as these. Ms. Schaefer replied that the state, the Governor, and the Legislature have been contemplating placing a high priority on renovation and repair of existing buildings for all state institutions. President Russi added that a number of renovation projects are being considered under the current Capital Outlay Bill.

Ms. Schaefer clarified for Chairperson Doyle that state funds through the Oakland County Road Commission were allocated on a one-time basis last year for repair of a segment of Meadow Brook Road. Mr. Miller added that another state project is expected to commence in the spring to repair a section of road on the east campus. Both projects were approximately \$140,000 and funded by the Michigan Department of Transportation.

Trustee Schlaybaugh reiterated Trustee Baskin's concern over making deferred maintenance projects that pose serious health and safety issues the university's first priority. Mr. Miller agreed and stated that such projects are always considered first priority.

Trustee Louis Grech-Cumbo suggested that the university investigate increasing the capital funding to repair facilities in advance of planned emergencies in an effort to ultimately reduce repair costs.

Chairperson Doyle thanked Mr. Miller for his report.

**B. Status Report on Executive MBA in Beirut, Lebanon**

Dr. Louis Esposito, Vice President for Academic Affairs, called on Dean Gardner to report on the Executive MBA program in Beirut, Lebanon. Dean Gardner reported that on July 29, 1999, the Board passed the establishment of the Executive MBA in Beirut, Lebanon, and asked for an update on recruitment status on that program. On October 20, the agreement was signed and recruitment efforts commenced in Lebanon, with 26 applicants to date, or 11 more than needed to break even. Dean Gardner stated that a total of 40 students is anticipated by mid-January. The School is putting together class materials and reviewing the distance learning and on-site program components. The first class is planned to begin in March, with one distance learning class per month and then an on-site component that includes Oakland University faculty and business executives from various international companies. Dean Gardner reported that the final month of the program will be held on campus in the new Executive Education Center during the summer of 2001. He is also putting together an advisory group that includes members from the southeast Michigan Lebanese American community. The university is also seeking federal funding for the program, and anticipates assistance from a Lebanese American U.S. Senator in identifying funding and other Lebanese participants.

At this time, Chairperson Doyle left the meeting briefly and President Russi asked Mr. Victor A. Zambardi, Acting General Counsel and Secretary to the Board of Trustees, to conduct a roll call.

**V. Roll Call**

Mr. Zambardi conducted a roll call vote, and all of the Board members were present.

**VIII. Other Items that May Come Before the Board**

President Russi called on Trustees Ann V. Nicholson and Henry Baskin to present the Report of Ad Hoc Committee on Board Operations under Item VIII Other Items of the agenda. Trustee Nicholson reported that the Board Chairperson appointed her and Trustee Baskin to review the current Board committee structure and operations format, and to recommend changes to strengthen Board efficiency and effectiveness, as well as enhance Board communication with the university's administration. Trustee Nicholson stated that when she first joined the Board, there were three Board committees: University Affairs Advisory Committee, Finance and Personnel Advisory Committee, and Investment Advisory Committee. The problem that the Board had with this structure was that only half of the Board members were on each committee, so not

every Board member had the opportunity to hear all of the discussions; thus, the discussions were repeated at the Board meetings. Trustee Nicholson noted that in an attempt to remedy that problem, the Board conducted monthly Board meetings, with the intent to lengthen the Board meetings to accommodate reports and discussion and conduct Board votes on the items at subsequent Board meetings. Trustee Nicholson reported that the process has not worked exactly as planned; therefore, the Ad Hoc Committee is proposing a third alternative of conducting at least six formal full Board meetings per year, which will include general reports and action items. On alternate months, the Board will conduct informal full Board "working sessions" devoted to a review of items expected to be brought to the Board for action at subsequent formal Board meetings. Generally, no reports will be presented at the working sessions, and all recommendations reviewed at the working sessions will be presented at a formal Board meeting by the Board Chair or a Chair-designated Board member. The working sessions will be open to the public, and the Board can also schedule additional meetings as appropriate. Trustee Nicholson noted that the recommendation will require some formal changes to the Board's operating policies, most notably, dissolving the standing committees. She recommended commencing this format immediately, with a working session to be scheduled in January.

Trustee Nicholson moved the following resolution for Board approval:

RESOLVED, that the Board conduct at least six formal full Board meetings per year, conduct informal full Board working sessions on alternate months, and schedule additional meetings as appropriate.

Trustee Baskin seconded the motion.

Trustees Baskin and Nicholson clarified for Trustee Schlaybaugh that the Board retains the right to recess into closed sessions for appropriate circumstances.

Trustee Nicholson also moved the following resolution for Board approval:

RESOLVED, that the Board suspends all provisions of Board operating policies inconsistent with the foregoing resolution, and instructs the Secretary to the Board to provide operating policy recommendations to the Board consistent with these resolutions.

Trustee Henry Baskin seconded the motion. The motions were unanimously approved by those present.

VI. Action Items

A. Consent Agenda

Chairperson Doyle presented the following recommendations:

1. Approval of the Minutes of the Meeting of October 14, 1999
2. Approval of the Minutes of the Meeting of November 15, 1999
3. Approval of University Personnel Actions

Reappointment (with Tenure)

Assistant Professor eligible for early promotion to the rank of associate professor, effective August 15, 1999.

Ken Elder     Department of Physics     Reemploy and Award Tenure

Administrative Appointments

Emrich, Kathleen, from Assistant Professor of Nursing, to Interim Dean, School of Nursing, effective January 6, 2000 (\$85,080).

Change of Status

Hansen, Ranald, from Interim Director of Grants, Contracts and Sponsored Research, to (\*Interim) Vice Provost for Research and Graduate Study, effective November 9, 1999 (\$100,000).

Speer, Justine, from Dean of the School of Nursing, to Professor of Nursing, effective August 1, 2000 (\$94,760).

\*Oral modification to title referenced in the Board's written action item.

Terminations

Greer, Bertie, Assistant Professor of Education, effective July 31, 1999.



Administrative Leaves

Speer, Justine, effective January 1, 2000, through July 31, 2000.

Deaths

Hough, Robbin, Professor of Economics and Management, November 25, 1999.

Vann, Carl, Professor of Health Behavioral Sciences, November 13, 1999.

Emeritus Appointments

Windeknecht, Thomas, effective August 14, 1999.

**4. Recommendation to Accept Gifts to Oakland University and the Oakland University Foundation for the Periods of September 1 through September 30, 1999, and October 1 through October 31, 1999, and to Accept Grants and Contracts to Oakland University for the period November 1999**

**5. Approval of Degree Candidates List Dated August 21, 1999**

Trustee Penny M. Crissman, seconded by Trustee David T. Fischer, moved approval of the consent agenda. The motion was unanimously approved by those present.

Dr. Esposito commented that under the University Personnel Actions, the Board approved two significant academic administrative appointments. He introduced Dr. Kathleen Emrich, who was appointed to serve as the Interim Dean of the School of Nursing effective January 1, 2000, and Dr. Ranauld D. Hansen, who was appointed to serve as Interim Vice Provost for Research and Graduate Study.

**B. Approval of Durward B. "Woody" Varner Memorial Recognition**

Chairperson Doyle stated that Woody Varner set a tone and direction that forever established Oakland University as a great institution. During his tenure, he saw the completion of more than half the buildings that stand on campus. He also helped create the Meadow Brook Music Festival and many other successful university programs. Chairperson Doyle stated that with Dr. Varner's passing on November 30, 1999, the university lost a great friend and true leader. His legacy will live on forever, but he will certainly be missed.

Chairperson Doyle commented that the Board would like to see Dr. Varner memorialized by the university, and to that end, plans are underway on several fronts. President Russi is organizing a remembrance in early 2000 that will give members of the community an opportunity to celebrate the spirit and verve that shaped the university. The Oakland University Foundation is also setting aside funds to permanently endow a number of scholarships in Dr. Varner's honor. With some input from his family, these scholarships will provide a lasting tribute to Woody, and a way for friends, colleagues and other interested parties to contribute in his memory. The goal will be to create at least four full scholarships from this fund.

Chairperson Doyle stated that Oakland University recognizes the cumulative giving of its largest donors with membership in one of seven philanthropic societies. The most generous of these donors are members of the Founders Society, which recognizes contributors of \$1 million or greater. Chairperson Doyle submitted the following resolution to the Board for approval:

RESOLVED, that the Board of Trustees approve the recommendation that the Founders Society, under the Donor Recognition policy, be renamed the Varner Society.

Trustee Nicholson seconded the motion. The motion was unanimously approved by those present. Trustee Crissman suggested inviting the Varner family to the event. President Russi replied that some charter members, faculty members, family members, and friends have already been asked to participate in developing that remembrance.

### **C. Approval of Classroom/School of Business Office Building**

Trustee Nicholson stated that the following five agenda items were discussed at the November 30, 1999, Investment and Finance Advisory Committee meeting. The first item concerns the Classroom/School of Business Office Building, which is well underway. She explained that the building will be funded 25% by the university and 75% by the state, similar to the funding for the Science and Engineering Building and Kresge Library. Trustee Nicholson stated that it is now necessary to enter into contracts with the state to get funding from them, since the university has already reached the 25% funding level. The State Building Authority (SBA) prepared the documents to their specifications, and the Board is being asked to authorize the President or Vice President for Finance and Administration to execute a construction agreement, between the SBA and the Board of Trustees, that licenses SBA to construct the building. The construction agreement also commits the university to execute, at an appropriate time, the warranty deed, bill of sale, and a lease between the SBA, the State of

Michigan, and the Oakland University Board of Trustees. Trustee Nicholson added that although this process is fairly complicated, it is the standard way for the state to fund buildings.

Trustee Nicholson moved approval of the following resolution:

A RESOLUTION of the Board of Trustees of Oakland University (i) approving (a) a form of construction and completion assurance agreement (the "Construction Agreement"), by and among the State Building Authority (the "Authority"), the State of Michigan (the "State") and Oakland University, a Michigan constitutional body corporate (the "Educational Institution"), providing for the rights, duties and obligations of the Authority, the State and the Educational Institution with respect to the Educational Institution's Classroom/Business School Building and the site therefor (the "Facility") during the construction, renovation and/or equipping of the Facility and prior to the conveyance of the Facility to the Authority, (b) the conveyance of the Facility to the Authority, (c) a lease (the "Lease"), by and among the Authority, the Educational Institution and the State, for the purpose of leasing the Facility to the State and the Educational Institution and (d) an easement agreement (the "Easement Agreement") between the Authority and the Educational Institution in connection with the entering into of the Lease, and (ii) providing for other matters related thereto.

WHEREAS, the Authority has been incorporated under the pursuant to the provisions of Act No. 183, Public Acts of Michigan, 1964, as amended ("Act 183"), for the purpose of acquiring, constructing, furnishing, equipping, owning, improving, enlarging, operating, mortgaging and maintaining buildings, necessary parking structures or lots and facilities, and sites therefor, for the use of the State, including institutions of higher education created pursuant to Section 4, 5, 6 or 7 of Article 8 of the Michigan Constitution of 1963 (the "State Constitution"), or any of its agencies; and

WHEREAS, the Educational Institution has been maintained and created pursuant to Sections 4 and 6, respectively, of Article 8 of the State Constitution; and

WHEREAS, the State and the Educational Institution desire that the Authority finance the acquisition, construction, renovation and/or equipping of the Facility in consideration of (i) the Educational Institution granting a license to the Authority to enter upon the site of the Facility (the "Site") in order to undertake such construction, renovation and/or equipping, (ii) the Educational Institution

undertaking on behalf of the Authority the oversight of such construction, renovation and/or equipping and (iii) the Educational Institution conveying the Facility to the Authority on or prior to the date of its completion, and the Authority is willing to provide such financing in consideration of the items described above; and

WHEREAS, in accordance with the Construction Agreement, the State and the Educational Institution desire that the Authority acquire the Facility on or prior to the date of its completion, and lease the same to the State and the Educational Institution, and the Authority is willing to acquire the Facility and lease the same to the State and the Educational Institution; and

WHEREAS, the Site is presently owned by the Educational Institution, the Facility will be constructed by the Educational Institution on behalf of the Authority, and it is intended that the Site and the Facility be conveyed to the Authority by the Educational Institution; and

WHEREAS, the acquisition of the Facility by the Authority for use by and lease to the Educational Institution and the State is necessary in order for the State and the Educational Institution to carry out necessary governmental functions and to provide necessary services to the people of the State as mandated or permitted by constitution and law, and the use of Act 183 to accomplish such acquisition represents the most practical means to that end at the lowest cost to the State and the Educational Institution; and

WHEREAS, Section 7 of Act 183 provides that the Lease shall be approved by the Authority, by the State Administrative Board of the State and by concurrent resolution of the Legislature of the State concurred in by a majority of the members elected to and serving in each house and if the Lease is for an institution of higher education existing or created pursuant to Section 4, 5, 6 or 7 of Article 8 of the State Constitution, then in addition, the Lease shall be authorized by the institution of higher education and signed by its authorized officers and, accordingly, it is necessary that the Educational Institution authorize and approve the Lease; and

WHEREAS, (i) the Authority will require an easement from a public road to the Facility over real property owned by the Educational Institution so that the Authority has access to the Facility and (ii) the Educational Institution will require for its use certain easements through the Facility, then in order to meet such requirements, it will be necessary for authorized officers of the Educational Institution to approve Easement Agreements to provide for such easements;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE EDUCATIONAL INSTITUTION THAT:

1. The plans for the Facility, as filed with the Educational Institution, are hereby approved.
2. The Educational Institution hereby authorizes and approves the Construction Agreement in substantially the form attached as Exhibit A, and either the then seated President or Vice President for Finance and Administration of the Educational Institution is hereby authorized and directed to execute and deliver, at the appropriate time, the Construction Agreement in substantially the form attached as Exhibit A for and on behalf of the Educational Institution. Such officers are hereby authorized to approve such changes in and modifications to the Construction Agreement as do not materially adversely affect the Educational Institution.
3. The conveyance of the Site and the Facility to the Authority in accordance with the Construction Agreement is hereby approved, and either the then seated President or Vice President for Finance and Administration of the Educational Institution is hereby authorized and directed to execute and deliver a warranty deed in substantially the form attached as Exhibit B and bills of sale to accomplish such conveyance in such form as may be from time to time approved by such officers.
4. The Educational Institution hereby authorizes and approves the Lease in substantially the form attached as Exhibit C, and either the then seated President or Vice President for Finance and Administration of the Educational Institution is hereby authorized and directed to execute and deliver the Lease in accordance with the Construction Agreement and in substantially the form attached as Exhibit C for and on behalf of the Educational Institution and such officers are hereby designated as authorized officers of the Educational Institution for purposes of Section 7 of Act 183. Such officers are hereby authorized to approve such changes in and modifications to the Lease as do not materially alter the substance and intent thereof as expressed in the Lease and the request for action submitted to the Board of Trustees in connection therewith; provided such officers are not hereby authorized to approve a change in the Lease with respect to the range of rental, and description of the Facility or the material financial obligations of the Educational Institution contained in the Lease approved herein. The Educational Institution hereby determines that the maximum rental in the amount described below is reasonable and the authorized officers are hereby authorized to approve in the Lease, as executed, rental in

annual amounts determined by the final appraisal of the "True Rental," but not exceeding \$2,125,000 in any 12-month period and a lease term of not exceeding 40 years.

5. In connection with the entering into of the Lease, either the then seated President of the Educational Institution or the then seated Vice President for Finance and Administration of the Educational Institution is hereby authorized and directed, in his or her discretion, to execute and deliver one or more documents to establish (i) an easement for nonexclusive access by the Authority between the Facility and a public road over real property owned by the Educational Institution and/or (ii) an easement from the Authority for the Educational Institution to install, operate, maintain, repair and replace Educational Institution utility lines through the Facility, together with an obligation to maintain and repair such Educational Institution utility lines, and/or (iii) an easement from the Authority for the nonexclusive right of the Educational Institution for passage over any portion of Library Drive that lies within the boundaries of the Facility, together with an obligation to maintain and repair such portion of Library Drive.

6. The then seated President and Vice President for Finance and Administration of the Educational Institution are hereby severally or jointly authorized and directed to take or cause to be taken all other actions, including, without limitation, making requests of and approving requests from the Authority and the State and signing certificates, documents or other instruments, each on behalf of the Educational Institution, as they deem necessary or desirable under the circumstances to accomplish the purposes of the transactions authorized in this Resolution.

7. The Educational Institution further confirms its obligations to perform the duties and obligations specified in the Construction Agreement (only upon its execution by authorized officers of the Educational Institution) and the Lease (only upon its execution by authorized officers of the Educational Institution) and acknowledges that such obligations do not depend upon passage of title to the Facility to the Educational Institution without consideration upon termination of the Lease. The Educational Institution hereby recognizes that it would execute and deliver the lease even if title to the Facility would not pass upon termination of the Lease.

8. The Educational Institution recognizes that the Authority shall pay for costs of the Facility in an amount not in excess of \$13,124,900.

9. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.
10. This Resolution shall be effective immediately upon its adoption.

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

In response to questions on the easements posed by Trustee Baskin, Mr. Robert H. Bunger, Assistant General Counsel, explained that the contract includes a roadway easement for SBA and an access easement to utilities for the university. He noted that the 60 foot wide roadway easement runs from Squirrel Road to the building site to provide SBA with roadway access to the structure. The access easement, which runs in the other direction, provides the university with access to campus-wide utilities running to the site for maintenance purposes. Mr. Bunger added that the contract states that the building will be owned by the SBA during the time of the bond financing up to a 40 year period, and that it will then revert back to the university and the easements will be extinguished at that time. He noted that the bond issues are historically completed within 20 years.

#### **D. Approval of FY 2000-01 Operating Budget Request for Submission to the Executive Office of the State of Michigan**

Trustee Nicholson stated that each fall the university is given the opportunity by the state to submit its request for annual operating needs for the following year. The submission includes programmatic and non-programmatic requests. The programmatic needs consist of five program revisions totaling \$11,286,000. The Program Revision Requests for FY 2000-01 in order of priority are:

1. Full Per FYES Target Funding. This request is for full funding at the targeted \$4,700 per FYES. It amounts to \$4,191,000.
2. Work-Learn Center. This request of \$1,095,000 would increase opportunities for current students to receive work experiences related to their field of study.
3. Technology Enhancements. This request of \$5,300,000 would increase the use of technology throughout the university.

4. Diversity Student Scholarships. This request of \$500,000 would increase the university's ability to attract a diverse student body by increasing available financial aid.

5. Enhancement of Services to Students with Disabilities. This request of \$200,000 would increase services to an increasing number of students with special needs.

Trustee Nicholson stated that although the state has not funded programmatic requests for many years, it is important to submit the university's priorities to the Governor and the Legislature so they are aware of the university's needs. In addition, if several state universities make similar requests, the state may decide to fund the requests on a system-wide basis rather than individually.

Trustee Nicholson added that the non-programmatic requests, totaling \$3,400,000, provide for an employee compensation increase and a three percent (3%) inflation in non-compensation costs.

Trustee Nicholson moved approval of the following resolution:

RESOLVED, that the Board of Trustees supports the submission, by the Vice President for Finance and Administration, of the attached materials 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 2000-01 fiscal year.

(A copy of the document is filed in the Board of Trustees Office.)

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

### **E. Approval of Capital Outlay Budget Request Fiscal Year 2001**

Trustee Nicholson stated that annually the university submits capital outlay budget requests to the Michigan Department of Management and Budget. This year, the state has requested that the information be submitted in a new detailed format. The three priority projects developed for the Oakland University Capital Outlay Budget Request fiscal year 2001 in priority are:

- |  |              |
|--|--------------|
| 1. School of Education and Human Services Building | \$31,500,000 |
| 2. Renovation and Addition to Varner Hall          | \$16,800,000 |
| 3. Renovate Dodge Hall                             | \$ 9,900,000 |



Trustee Nicholson noted that these three projects are consistent with the university's submissions for the previous two fiscal years. They have been adjusted for inflation and modified to include the additional School of Education classrooms previously approved by the Board.

Trustee Nicholson moved the following resolution for approval:

**RESOLVED**, that the Board of Trustees approve the submission of the Capital Outlay Budget Request for fiscal year 2001, as presented with this recommendation, to the State of Michigan, Department of Management and Budget.

(A copy of the document is filed in the Board of Trustees Office.)

Trustee Robert N. Cooper seconded approval of the recommendation.

Trustee Cooper inquired if the university correlates capital outlay funding from the state with the deferred maintenance backlog to identify money for future needs. President Russi and Ms. Schaefer replied that as the university plans for any renovation, deferred maintenance capital renewal issues are incorporated into the project planning so that the university could take them off the deferred maintenance list. The funds are then reallocated for other projects.

The motion was unanimously approved by those present.

#### **F. Approval of Oakland University Katke-Cousins Golf Course and R&S Sharf Golf Course 2000 and 2001 Budgets**

Trustee Nicholson stated that the proposed 2000 and 2001 budgets for the Katke-Cousins and R&S Sharf Golf Courses are considered separately from all other budgets because they are based on the calendar year rather than the fiscal year. The operating expenditures are budgeted at \$2,109,204 and \$2,252,670, respectively, with capital improvements budgeted at \$150,000 and \$200,000, respectively. The budgets assume an excess of revenues over expenditures of \$3,399 in 2000 and \$343,054 in 2001, based on projected revenues of \$2,112,603 and \$2,595,724, respectively. The reason it is so low the first year is that the R&S Sharf Golf Course will still be under construction during part of that year until the summer or early fall.

Trustee Nicholson noted that the main change this year is an increase in green fees of \$1.00 in 2000 and \$2.00 in 2001 for all categories of players except guests. Guests were not included because their fee was substantially increased last year. The playing fees are determined by what the going rate is around the community, and Oakland's rate is kept slightly above the public courses. President's Club members have a substantial access fee as well, so the actual cost of playing is higher than the recommended green fees.

Trustee Nicholson moved the following resolution for Board approval:

WHEREAS, fiscal year for Katke-Cousins and R&S Sharf golf courses runs from January 1 through December 31;

WHEREAS, R&S Sharf Golf Course is anticipated to begin incurring expenses during fiscal year 2000 and to generate revenues beginning in fiscal year 2000;

WHEREAS, the university administration believes it is prudent to establish a two-year budget to appropriately and separately monitor the budgets of each golf course; now, therefore, be it

RESOLVED, that the Board of Trustees accept the Katke-Cousins and R&S Sharf Golf Course Budgets for the years ending December 31, 2000 and 2001, with a budgeted net income of \$3,399 and \$343,054, respectively, an operating expenditure level of \$2,109,204 and \$2,252,670, respectively and capital improvement of \$150,000 and \$200,000, 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.

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

Trustee Baskin asked what the break even projection is on the R&S Sharf Golf Course, and Mr. William M. Rogers, Golf Course Managing Director, replied that the university expects to be in sound fiscal shape with that golf course in 2001. He added that with the combined operation of both entities, the university should be able to maintain a positive cash flow.

Trustee Fischer questioned the rationale of the golf course fee structure, given the marvelous facility that is offered and that it is not the university's function to compete with private enterprise. Mr. Rogers commented that the fees are structured similar to other universities to offer students the advantage of playing the golf course at a very fair rate. The \$500 access fee for President's Club members is viewed by President Club members as being prorated against the rounds that they play. Mr. Rogers stated that every year a study is conducted comparing rates of 13 premium public golf courses in the area to ensure that the prices are fair.

### **G. Acceptance of Audited Financial Statements for the Fiscal Year Ended June 30, 1999**

Trustee Nicholson reported that the public accounting firm of Andrews Hooper and Pavlik P.L.C. (AHP) was appointed by the Board of Trustees on February 5, 1998, to conduct annual audits of the university's financial accounting records and financial statements. The audit for the fiscal year ending June 30, 1999, has been completed with an unqualified auditors' opinion and no material weaknesses reported. Trustee Nicholson called on Mr. Jeff Fineis, AHP Partner, who reviewed the booklet titled "Board of Trustees Meeting November 30, 1999." (The booklet is on file in the Board of Trustee Office.)

Chairperson Doyle thanked Mr. Fineis for his report.

Trustee Nicholson moved approval of the following resolution:

RESOLVED, that the Board of Trustees accept the following financial statements which were audited by the public accounting firm of Andrews Hooper and Pavlik, P.L.C.

1. Oakland University Report on Audit of Consolidated Financial Statements for the year ended June 30, 1999.
2. Oakland University Report on Audited Financial Statements, other Financial Information and Required Supplementary Information for the year ended June 30, 1999.

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

## **VII. Discussion of February 3, 2000, Board of Trustees Meeting Agenda**

The Board reviewed the February 3, 2000, proposed agenda and made no changes.

## **VIII. Other Items that May Come Before the Board**

Chairperson Doyle called on Dr. Philip Singer, Professor of Health Behavioral Science, who requested to address the Board. In the spirit of the idea of the millennium jubilee or forgiveness, Professor Singer asked the Board to forgive him for any errors or perceived slights that the Board may have felt in the style of his previous presentations regarding his requests for minimum distribution of his pension. He then quoted the section from the North Central Association Site Visit Team Report that recommends that the university should "Find ways to bring the Board of Trustees and the faculty together regularly. Faculty presentations to the Board about their research and/or teaching accomplishments would be one way to do this. Find as many ways as possible to communicate regularly to faculty." Dr. Singer recommended that the Board consider holding monthly retreats with the faculty to exchange ideas and discuss their concerns.

Chairperson Doyle thanked Dr. Singer for his kind gesture and recommendation. He called on Dr. Beverly K. Berger, Professor and Chair of Physics, who had requested to address the Board. Professor Berger reiterated Dr. Singer's recommendation for increased contact between the trustees and the faculty. She noted that she was very privileged to serve on the Provost Search Committee, and that one of the highlights of that service was the opportunity to speak with Trustee Grech-Cumbo during the airport interviews. Dr. Berger urges the Board to consider an effective mechanism for meeting with the faculty.

Chairperson Doyle called on Dr. Joel W. Russell, Professor of Chemistry and AAUP President, who also requested to address the Board. Dr. Russell also supported Dr. Singer's appeal to the Board to find ways to bring the Board of Trustees and faculty together on a regular basis. He stated that the periodic retreats between Board members and groups of faculty could enhance the understanding of both groups concerning the respective values and approaches to advancing the goals and missions of the university. Dr. Russell noted that a year ago at the December 1998 Board meeting, over 25 persons requested time to address an issue where the academic implications were overlooked. That oversight led the faculty to consider whether a new governance process was needed to anticipate issues of academic importance and to provide the Board with more comprehensive information upon which to base decisions. That governance system does not provide a means for obtaining a clear faculty opinion on any issue. A petition was circulated to allow the University Senate to speak for the

faculty, and by the end of January 1999, over three-quarters of all full-time faculty had signed the petition to set up a body to propose amendments to the Senate Constitution recommendations. The faculty ratified the amendments in May; however, after tabling the amendments for four months, the Board of Trustees are now requesting the faculty to make further changes in how the faculty may provide recommendations and advice to the administration and the Board, even though the legal counsel has advised the Board that the original amendments did nothing to restrict the Board's rights and responsibilities. In conclusion, Dr. Russell asked that the issue be addressed and that the Board unite to take advantage of the opportunities to work together to better serve the students and the community.

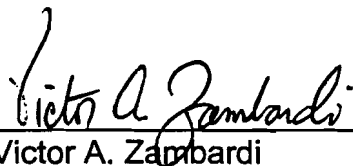
Chairperson Doyle thanked Dr. Berger and Dr. Russell, noting that the Board appreciates their comments and takes the NCA recommendations very seriously.

### **IX. Adjournment**

Trustee Grech-Cumbo, seconded by Trustee Baskin, moved adjournment of the meeting. The motion was unanimously approved by those present. The meeting was adjourned at 3:45 p.m.

Submitted,

Approved,



\_\_\_\_\_  
Victor A. Zambardi  
Acting Secretary to the  
Board of Trustees

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David J. Doyle  
Chairperson