

**Minutes of the Formal Session
of the
Oakland University Board of Trustees
May 2, 2007**

Present: Chair Dennis K. Pawley; Trustees Henry Baskin, David J. Doyle, Ann V. Nicholson, and Rex E. Schlaybaugh, Jr.

(Trustee Doyle was present via teleconference.)

Absent: Vice Chair David T. Fischer; Trustees Penny M. Crissman and Jacqueline S. Long

Also Present: President Gary D. Russi; Vice Presidents John W. Beaghan, Susan Davies Goepf, 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 James V. Gammicchia and Frederick A. DeNault

A. Call to Order

Chair Dennis K. Pawley called the meeting to order at 2:07 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 Vice Chair David T. Fischer and Trustees Penny M. Crissman and Jacqueline S. Long. Trustee David J. Doyle was present via teleconference.

C. Reports

Tab 1. Annual Student Liaisons' Reports

Student Liaison James V. Gammicchia presented the following report to the Board:

Distinguished Board Members, Administrators, Faculty, Staff and Students of Oakland University. We begin by offering our heartfelt gratitude to all of you for affording us this opportunity to serve the student body as student liaisons. In this capacity we have learned so much while working to voice student views on paramount issues around campus such as tuition and state appropriations, capital expenditures, and curriculum improvements here at Oakland University. Thank you Dr. Russi and Dr. Snyder for this

opportunity, for entrusting us with this honor, for believing in us. We have served with pride to represent the students, and we hope to have served them well.

Our tenure as student liaisons has witnessed physical improvements on campus by way of the Student Resource Center- bringing helpful organizational resources to students and organizations alike, the Student Technology Center- bringing technology advancements to students' fingertips, the Renovation of South Foundation Hall- bringing technology and safety to the classroom atmosphere, the Gender & Sexuality Center- enabling our campus diversity to grow and succeed, and the Renovation of the Vandenberg Cafeteria- updating our Residence Halls and making the on-campus living experience more enjoyable. Each meeting, the 2010 Vision is carefully implemented by caring Board Members who have the students' best interests in mind. Investment and financial decisions are made with great precision and planning. All decisions are made to advance this University in the market while improving student life and learning on this campus, and for that the Board, Administration, Faculty, and Staff should be applauded.

It is important for Oakland to continue to receive fair state funding to continue to provide the exemplary education and services for which it is known. In an economy where a college degree is required, Oakland must continue to prepare students to prosper anywhere, under any conditions, and in any career field. The foresight of the Board and Administration has been commendable in all aspects of the direction of Oakland University towards Vision 2010.

We would like to take this opportunity to offer a debt of gratitude to the Administration and Staff for empowering us and assisting us in our endeavors; in particular the General Counsel's Office. Thank you for your support!

Student Liaison Frederick A. DeNault presented the following report to the Board:

Distinguished Board Members, Administrators, Faculty, Staff and Students of Oakland University, we would like to thank you for the opportunity to be student liaisons to the Board of Trustees. Only through assistance from people throughout the university were we able to attain this position and perform it successfully. For that, we are truly grateful.

During our time on the Board, we saw the Hamlin Hall refurbishing, Meadow Brook Hall, an institution close to our heart, begin to show its strength, and the enhancement of many academic programs. We are happy with the initiation of projects that positively enrich student life.

We have learned more than we ever imagined about the governance of this university and its relation to the State of Michigan. The Board began the year with the tuition issue and ends it with a difficult plan on the table to revise state appropriations. We are confident administration is doing everything they can to contain costs and improve efficiency. Affordability and its small size is where Oakland excels. We need to make sure those qualities remain intact and improve the quality of the education itself. State appropriations won't solve the problem. We need to continue to make sure schools are treated equally in

their appropriations but sadly, the best equation may not come. Therefore, we need to address the alternative ways to keep tuition low and increase the quality of education.

We saw this Board demand lower costs to students. And we saw the heartfelt and powerless feeling that came over the Board when increasing costs and a poor economy made it impossible to do so. We hope that seeking solutions continues to be the mindset of the Board.

Throughout our time, we relayed information to many students, and they gave us countless opinions, advice, and wishes for Oakland. With these perspectives in mind, we reviewed the issues brought to the Board and worked with administration and the Board when necessary.

We cannot stress enough my thanks to Board and Administration for their assistance and for granting us this opportunity. Specifically Dr. Russi and Dr. Snyder, Vic Zambardi, and the staff at the Office of the General Counsel. This will be the last leadership position at Oakland for the both of us. We're glad we had the chance to experience and learn before we left. We will take the lessons we have learned with us. And we will always remember that it was here we molded our insights that will go with us our whole lives.

On behalf of the Board, Chair Pawley thanked Mr. Gammicchia and Mr. DeNault for the invaluable formal and informal student input they have provided to the Board during their tenure.

Tab 2. Annual Public School Academies Report

Dr. Virinder K. Moudgil called on Dr. Mary L. Otto, Dean of the School of Education and Human Services, who presented the Annual Public School Academies Report as set forth in the agenda item.

Dr. Otto also reported that the Academy of Michigan (Academy) charter, that expires on its own terms on June 30, 2007, will not be renewed because the Academy has not academically performed up to the standards of the State of Michigan, and performed below these standards of the schools in the same geographic area. Oakland University (University), along with the Michigan Department of Education (MDE), the Academy, the Academy's management company Charter School Administration Services (CSAS), and all the requisite legal counsel met in April to discuss the procedures for dissolution. As a result, the University will announce and begin accepting applications for a new charter school to replace the Academy.

In addition, Dr. Otto noted that student outreach activities include a Junior Academy that allows high school students from four academies to tour the University campus, visit with the financial aid office, and begin thinking about attending the University upon graduation.

In response to questions from Chair Pawley, Dr. Otto stated that charter schools are required to meet the standards of schools in the same geographic area, and the Academy did not meet those standards. She added that the Academy students will either integrate back into the public school system or into other charter schools in their area. Further responding to Chair Pawley's concern whether the Academy is an isolated situation or if charter school closings occur elsewhere, Dr. Otto stated that some other charter schools have not been able to perform based on multiple factors.

In response to questions from Trustee Baskin regarding management companies, Dr. Otto stated that most charter schools hire management companies, which are entrepreneurial Michigan for-profit corporations, to manage their daily operations. Dr. Otto added that most charter schools hire management companies because they begin their schools based on an educational point of view and discover they need assistance with daily operational management of the schools. Trustee Baskin requested that future requests for Board approval of new charter schools and their board members include information about their management companies.

In response to questions from Trustee Schlaybaugh, Dr. Otto explained that management companies are contracted by the boards of charter schools based on varying arrangements such as the responsibility to hire the administration and/or involvement in the day-to-day operations of the schools. In addition to reviewing the proposed charter school board members, the University reviews their proposed academic missions, plans, goals, and budgets prior to presenting the proposal to the University Board for approval. At that time, the charter schools will choose to either hire a management company or handle operations on their own. Trustee Schlaybaugh suggested that the charter school application include appropriate questions to illicit information about the intended management of the charter school.

In response to an additional question from Trustee Schlaybaugh, Dr. Otto stated that four of the eight current charter schools received "exemplary" ratings, three received "satisfactory" ratings, and one received a "basic" rating.

In response to a question from Trustee Doyle, Dr. Otto stated that the Detroit Edison Public School Academy, which received an "exemplary" rating, was previously managed by Edison Management Company, but now operates successfully on their own.

Chair Pawley thanked Dr. Otto for her report.

D. Consent Agenda for Consideration/Action

Tab 3. Consent Agenda

Chair Pawley asked if any of the Trustees wished to remove any item from the Consent Agenda for discussion.

Trustee Schlaybaugh noted that in the Intercollegiate Athletics ancillary activities operating budget report presented to the Finance, Audit and Investment Committee (Committee), there was a noted decision to spend significantly more than what was budgeted in a particular category. He asked Mr. John W. Beaghan, Vice President for Finance and Administration, for an explanation, and Mr. Beaghan replied that, in accordance with Board policy, the Board must approve any expenditure over \$200,000. In the noted instance, the Board approved the expense total, not the individual line item or category. He further stated that Board policy authorizes the President or a designee to approve expenditures that exceed revenues if they are deemed necessary and appropriate to administer University business. In this case, the Intercollegiate Athletics spent approximately \$30,000 over of their fund balance, which first went through the approval process.

In response to a question from Chair Pawley, Trustee Schlaybaugh stated that all of the ancillary operating budgets were reviewed and recommended for approval by the Committee.

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

Tab 4. Minutes of the Formal Session of April 4, 2007

Tab 5. Acceptance of Gifts to Oakland University for the Period of March 1, 2007 through March 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 March 1, 2007 through March 31, 2007.

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

Tab 6. Acceptance of Grants and Contracts to Oakland University for the Period of March 1 through March 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 March 1 through March 31, 2007.

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

Tab 7. Board Member for Public School Academy

WHEREAS, the Board of Directors of the Weston Technical Academy nominated Gregory N. Johnson, Sr. for appointment to a new position for a three-year term to expire on May 2, 2010; and

WHEREAS, Gregory N. Johnson, Sr. meets the requirements of the Oakland University Board of Trustees and applicable law; now, therefore, be it

RESOLVED, that the Oakland University Board of Trustees hereby approves Gregory N. Johnson, Sr. for appointment to the Board of Directors of the Weston Technical Academy for a three-year term to expire on May 2, 2010; and, be it further

RESOLVED, that all resolutions and parts of resolutions in conflict with this resolution shall be and hereby are rescinded to the extent of such conflict.

Tab 8. Ancillary Activities Operating Budgets for the Fiscal Year Ending June 30, 2008: Campus Recreation; Graham Health Center; Intercollegiate Athletics; Lowry Early Childhood Center; Meadow Brook Music Festival; Meadow Brook Theatre; Oakland Center; and University Housing

RESOLVED, that the Board of Trustees approves the budgets for Campus Recreation, Graham Health Center, Intercollegiate Athletics, Lowry Early Childhood Center, Meadow Brook Music Festival, Meadow Brook Theatre, Oakland Center and University Housing for the year ending June 30, 2008, with expenditures and transfers not to exceed the expense total for each unit summarized on Appendix I, except as next set forth; and, be it further

RESOLVED, that all expenditures and transfers beyond the approved expense total must have the prior approval of the President or his designee and these amounts will be reported on a periodic basis to the Board of Trustees.

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

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

E. New Items for Consideration/Action

Tab 9. Commercial Banking Services

Mr. John W. Beaghan, Vice President for Finance and Administration, presented the Commercial Banking Services recommendation as set forth in the agendum item:

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

RESOLVED, that the Board of Trustees authorizes the Vice President for Finance and Administration to execute agreements and resolutions necessary to open and maintain operating and investment accounts with Comerica, Inc; and, be it further

RESOLVED, that the agreements 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.

Chair Dennis K. Pawley stated that two Trustees have professional relationships with the proposed commercial banks and have advised him that they will abstain from a vote; therefore, the matter should be postponed until a voting quorum of the Board can be present.

In response to a question from Trustee Baskin, Mr. Beaghan stated that the University's current commercial banking services agreement will continue until a decision is reached on the new appointment.

Trustee Schlaybaugh moved, seconded by Trustee Nicholson, that the Commercial Banking Services recommendation be postponed until a voting quorum of the Board can be present. The motion was unanimously approved by those present.

Tab 10. Oakland University Trustee Academic Success Fund Proposal for 2007-08

Dr. Mary Beth Snyder, Vice President for Student Affairs, called on Mr. Omar L. Brown-EI, Director of the Office of Center for Multicultural Initiatives, who presented the Oakland University Trustee Academic Success Fund Proposal for 2007-08 recommendation as set forth in the agenda item.

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

WHEREAS, the Oakland University Trustee Academic Success Fund (OUTAS Fund) supports the University goal of diversity by augmenting the resources available to support a diverse student population through scholarships and campus-wide programs; and

WHEREAS, the OUTAS Fund also seeks to expand the cultural horizons of all students to prepare them for employment in an increasingly diverse world; and

WHEREAS, the OUTAS Fund also instills respect for diversity throughout the University; now, therefore, be it

RESOLVED, that the Board authorizes the President to direct the Center for Multicultural Initiatives to expend up to \$285,000 for the Oakland University Trustee Academic Success Fund as described in the Attachment for the 2007 – 08 academic year.

(The Oakland University Trustee Academic Success Fund Attachment for the 2007 – 08 academic year is on file in the Board of Trustees Office.)

In response to question from Chair Pawley, Dr. Snyder stated that the six-year graduation rate for the general student body is approximately 45%, while the OUTAS six-year

graduation rate is 60%. Further responding to Chair Pawley, Dr. Snyder stated that only 4.5% of the OUTAS endowment revenue is used towards scholarships and programs.

In response to concerns raised by Trustees Nicholson and Baskin regarding the lack of OUTAS focus on diversity initiatives this year, Dr. Snyder stated that many of the diversity programs already in existence will continue and be paid for through an additional \$100,000 from the General Fund, funds from the Center for Multicultural Initiatives and Center for Student Activities budgets, as well as the Student Affairs budget. She added that her division has managed these budgets well and will continue to fund these kinds of programs to continue serving underrepresented, international and all other students.

The motion was unanimously approved by those present.

Tab 11. Amendment of Criteria for the Evaluation of Applications for Public School Academies

Dr. Moudgil called on Dr. Otto who presented the Amendment of Criteria for the Evaluation of Applications for Public School Academies item recommending that the approval of subsequent Public School Academy board members be made by the Vice President for Academic Affairs and Provost upon recommendation of the Dean of the School of Education and Human Services along with an amendment to the criteria authorizing the Vice President to remove individual public school academy board members or the entire board of directors with or without cause and to make board member appointments if necessary.

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

WHEREAS, the Oakland University Board of Trustees approved the Oakland University's Policy on Public School Academies and the Criteria for the Evaluation of Applications on October 5, 1995; and

WHEREAS, the requested amendments to the Criteria for the Evaluation of Applications in Attachment C are in the best interests of Oakland University and are in compliance with applicable law; now, therefore, be it

RESOLVED, that the Criteria for the Evaluation of Applications be amended to include the changes in Attachment C.

(A copy of Attachment C, Criteria for the Evaluation of Applications, is on file in the Board of Trustees Office.)

In response to a question from Chair Pawley regarding the removal of board members, Dr. Otto stated that the Board would still approve the initial board of directors for charter schools, but Dr. Moudgil would be responsible for approving subsequent board members, removing board members or entire boards, or making board member appointments upon

the Dean's recommendation. Dr. Moudgil stated he would report any important decisions to the Board. Dr. Moudgil commented that this proposal will make the process more lean in terms of time effectiveness for the Board and the University.

In response to a question from Trustee Nicholson, Dr. Otto stated that the proposed amended process is consistent with other universities' and authorizers' procedures.

In response to questions from Trustee Schlaybaugh, Dr. Otto stated that Dr. Moudgil would use the published standards for board member qualifications and selection in the replacement of board members.

Trustee Schlaybaugh, seconded by Trustee Baskin, offered a friendly amendment and moved that the administration shall advise Board leadership prior to any removal of a public school academy board member. The underlying motion, as amended, was unanimously approved by those present.

Tab 12. Renewal of Charters for Dove Academy of Detroit, Nsoroma Institute, Star International Academy and Weston Technical Academy

Dr. Moudgil called on Dr. Mary Otto who presented the Renewal of Charters for Dove Academy of Detroit, Nsoroma Institute, Star International Academy and Weston Technical Academy recommendation as set forth in the agenda item.

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

WHEREAS, the Board approved Dove Academy of Detroit's original Agreement to Organize and Administer a Public School Academy on July 18, 1997, and two renewals of that agreement on September 1, 2000 and June 30, 2003, respectively; and

WHEREAS, the Board approved Nsoroma Institute's original Agreement to Organize and Administer a Public School Academy on February 7, 1997, and two renewals of that agreement on February 8, 2000 and July 1, 2003, respectively; and

WHEREAS, the Board approved Star International Academy's original Agreement to Organize and Administer a Public School Academy on July 31, 1998, and a renewal of that agreement on September 1, 2001; and

WHEREAS, the Board approved Weston Technical Academy's original Agreement to Organize and Administer a Public School Academy on August 1, 1998, and a renewal of that agreement on July 1, 2001; and

WHEREAS, Dove Academy of Detroit, Nsoroma Institute, Star International Academy and Weston Technical Academy are each in good standing with the University and are each in compliance with Michigan Department of Education requirements; now, therefore, be it

RESOLVED, that the Board hereby approves the renewal of the charters of Dove Academy of Detroit, Nsoroma Institute, Star International Academy and Weston Technical Academy; and, be it further

RESOLVED, that the University administration shall negotiate and finalize Agreements to Organize and Administer a Public School Academy for each of Dove Academy of Detroit, Nsoroma Institute, Star International Academy and Weston Technical Academy, substantially in the form of the standardized agreement approved by the Michigan Department of Education, with such provisions as shall be required or authorized by the Revised School Code of 1976 as amended, and the term of the Agreements shall expire no later than June 30, 2017; and, be it further

RESOLVED, that each of the Agreements to Organize and Administer a Public School Academy shall be reviewed and approved by the Office of the General Counsel prior to execution, and shall be in compliance with the law and University policies and regulations and shall conform to the legal standards and policies of the Board.

In response to a question from Chair Pawley, Dr. Otto stated that Dove Academy of Detroit and Weston Technical Academy are managed by Schoolhouse Management Company; Nsoroma Institute is managed by Black Star Management Company; and Star International Academy is managed by Hamada Management Company. Chair Pawley commented on how surprised the Board was when a number of people from the Academy attended a Board meeting and addressed the Board regarding issues with the Academy. He requested that Board leadership be briefed on similar matters in the future.

In response to questions from Trustees Baskin and Schlaybaugh, Dr. Otto stated she does not believe the University is binding itself to the 10 year commitments with the charter schools, especially since they are reviewed on a consistent basis and contracted based on 3 and 5 year increments within that 10 year period to conduct oversight and assist them in improving their performance through working closely with the MDE. Mr. Zambardi added that the University is not contractually bound to the charter schools for 10 years, and can terminate contracts for cause, and by statute the University has no liability for that termination.

Trustee Baskin, seconded by Trustee Nicholson, offered a friendly amendment and moved that the administration shall advise Board leadership prior to any final administrative decision to terminate or to not renew the charter of a public school academy. The underlying motion, as amended, was unanimously approved by those present.

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

Chair Pawley asked President Russi for an update on the proposed State appropriations. In response, President Russi presented the following highlights:

- The Governor's initial executive budget recommended a 2.5% across-the-board increase for all 15 Michigan public institutions.
- Due to budget challenges, the Governor ultimately proposed an executive order to substantially cut as much as 10% from higher education, which did not receive legislative support.
- One executive order component that did receive legislative support would be a \$2.3 million cut that would "delay" payment to the University from the State until possibly October, or one-half of one month's payment, which could result in a permanent cut in fiscal year 2008.
- After some time, the Subcommittee on Higher Education Appropriations again recommended a 2.5% increase in appropriations funding for higher education, causing much debate.
- The University is preparing for a budget reduction in fiscal year 2007, which ends June 30, 2007, through contingency planning.

Chair Pawley thanked President Russi for the update.

In response to a question from Trustee Schlaybaugh regarding cash flow strategies, President Russi stated the University's strategies include a delay in hiring, a review of operating budgets, reserves and cash flow, and enrollment projections. He added a number of scenarios will be developed and shared with the Board.

There were no other items presented to the Board.

G. Adjournment

Chair Pawley adjourned the meeting at 3:19 p.m.

Submitted,

Approved,

Victor A. Zambardi
Secretary to the Board of Trustees

Dennis K. Pawley
Chair, Board of Trustees