

**Minutes of the Special Formal Meeting
of the
Oakland University Board of Trustees
January 10, 2007**

Present: Chair Dennis K. Pawley; Trustees Henry Baskin, Penny M. Crissman, David J. Doyle, Jacqueline S. Long, and Ann V. Nicholson

(Trustee Henry Baskin was present via teleconference)

Absent: Vice Chair David T. Fischer; Trustee Rex E. Schlaybaugh, Jr.

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 Frederick A. DeNault and James V. Gammicchia

(Student Liaison James V. Gammicchia was present via teleconference)

A. Call to Order

Chair Dennis K. Pawley called the meeting to order at 2:00 p.m. in the Auditorium of Elliott Hall of Business and Information Technology. He stated that as the Chair of the Board of Trustees, he reviewed the efficiency of Committee and Board meetings and the Board's approval process. As a result, Chair Pawley recommended the consolidation of informal Working Sessions and Formal Meetings into one Formal Session where all items that require Board action will be brought to the Board for consideration and/or action. The Board accepted Chair Pawley's recommendation and advised Mr. Victor A. Zambardi, General Counsel and Secretary to the Board of Trustees, to implement Chair Pawley's recommendations.

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 Trustee Rex E. Schlaybaugh, Jr.

C. President's Report

Dr. Gary D. Russi called on Dr. Virinder K. Moudgil, Vice President for Academic Affairs and Provost, who presented the following report:

- The 2003 addition of the studio art major to the Department of Art and Art History has expanded the visibility of Oakland University's (University) commitment to the fine arts on campus, locally and in the State of Michigan (State).
- Graduating art students present their thesis exhibitions in the Oakland University Art Gallery, local galleries, and the Oakland County Executive Office Building.
- A mural designed by art student Casey Conlon is displayed in the Joan Rosen Writing Studio at Kresge Library, and the work of art student Kelly Fitzsimmons Kennedy will be installed in the Vandenberg Cafeteria.
- The artwork of student Sara Masters, titled *Culturebloom*, which is on display on the first floor of the Anderson House Office Building in Lansing, has brought state recognition to the University's studio art program through a partnership between the Presidents' Council of the State Universities of Michigan (President's Council) and the Michigan House and Senate, to display two artworks from each of the 15 state universities. Ms. Masters' work is also being used by the President's Council as the signature image in all exhibition press material.
- An untitled drawing by art student Rachel Adler is also on view on the sixth floor at the Senate Farnum Office building.
- Faculty members of the Department of Art and Art History were also commended for the development, implementation, and increasing success of the studio art major.

Chair Pawley thanked Dr. Moudgil for his report.

Tab 1. Treasurer's Report

Mr. John W. Beaghan, Vice President for Finance and Administration, presented the following reports:

General Fund Budget Performance

A balanced Fiscal Year 2007 General Fund budget is projected, although uncertainty with the State budget and how a potential shortfall would impact the University's appropriation may not be known for several months. Preliminary projections for Winter semester enrollment, investment income, and indirect cost recovery, along with anticipated Spring semester enrollment and normal expenditure patterns, indicate the Fiscal Year 2007 General Fund budget will be balanced.

Investment Performance

The University's pooled cash and endowment investment activities exceeded their benchmarks for Fiscal Year 2006, and were comparable to the November benchmarks.

Two Requests for Proposals (RFPs) were issued this fall for Investment Management Services and Commercial Banking Services, and 18 proposals were received. Upon evaluation of those proposals, a summary analysis will be presented to the Finance, Audit and Investment Committee (Committee) for discussion.

An RFP was also issued for external audit services due to the withdrawal of PricewaterhouseCoopers from its representation of higher education institutions nationwide. Proposals from Andrews, Hooper and Pavlik, Plante & Moran, and Rehmann Robson are being evaluated and the results will be presented to the Committee.

Construction Projects Progress Report

All construction projects have been properly approved, are within budget, and are expected to be completed on time.

Chair Pawley informed the Board of a question posed by Trustee Henry Baskin at the Committee meeting regarding what construction projects may occur beyond the three categories of priorities presented to the Board last year. Chair Pawley requested an update on those categories. Mr. Beaghan responded that this past year a full facilities analysis was commissioned of the academic and administrative buildings and those draft reports are currently under review. He added that the reports will be shared with the Board when completed.

Chair Pawley stated he welcomes any cost saving ideas from the administration, faculty, and students and encouraged everyone to speak with their legislators on how important the University is to the community, State, and country.

Chair Pawley thanked Mr. Beaghan for his report.

Tab 2. Michigan Universities Self-Insurance Corporation (M.U.S.I.C) Activities for the Final Year Ended June 30, 2006 Report

Ms. Catherine R. Lark, Director of Purchasing and Risk Management, presented the following report highlights:

- M.U.S.I.C. completed its 19th year of operation this past June, with the program continuing to adapt and provide appropriate solutions to the changing face of higher education risk.

- M.U.S.I.C.'s audited financial statements for the year ending June 30, 2006 showed no material adjustments for the fiscal year.
- M.U.S.I.C.'s net assets stand at \$17.1 million and reflect an increase of \$1.34 million over the prior year, as a result of a decrease in claims and claim reserves in the amount of \$660,000 and another year of positive investment performance of \$1.04 million.
- M.U.S.I.C. declared a casualty dividend of \$2.1 million from reserve balances of closed policy years, and the University received a dividend check in the amount of \$197,656, used to fund health and life safety projects around campus.
- M.U.S.I.C.'s loss control programs are linked to its claims history and focuses on emergent trends in higher education. Given considerable attention across the country to the topic of suicide, M.U.S.I.C.'s Safety Symposium 2006 discussed suicide awareness and was well-received.
- The Legal Committee conducted its annual workshop for risk managers and members' general counsels, including topics such as off-campus housing, coverage for counselors/mental health professionals, and liability settlements.
- M.U.S.I.C. obtained an independent evaluation on Marsh, M.U.S.I.C.'s manager, including the overall quality of service provided, the reasonableness of the fee being charged, and the performance of the duties and responsibilities set out in Marsh's Management & Services Agreement. The comprehensive audit concluded that M.U.S.I.C. is obtaining very good value for its fee and that Marsh provided M.U.S.I.C. with an experienced, well-balanced, and very competent account team that either met or exceeded expectations.
- The University continues to perform well versus its peers in each line of coverage under the M.U.S.I.C. program, with stable Errors & Omissions claims.
- The University's experience with General Liability claims continues to trend downwards in frequency and severity, in line with the overall M.U.S.I.C. experience.
- The Property, Excess Workers Compensation and Medical Malpractice programs were bid out for the 2005-2006 fiscal year, with incumbent carriers continuing to provide the most competitive quotes.
- This was the second year of M.U.S.I.C.'s self-insurance program for Auto Physical Damage, which continues to be very successful.
- M.U.S.I.C.'s corporate strategy continues to be sound with a solid focus on risk control, claims and litigation management, and underwriting. The commitment to loss prevention and development of carrier partnerships continues to mitigate premiums for all members.

Chair Pawley thanked Ms. Lark for her report.

D. Action Items

Items Reviewed and Recommended by Finance, Audit and Investment Committee

Tab 3. Approval of Ancillary Activities Operating Budget for Meadow Brook Hall for the Calendar Year Ending December 31, 2007

Mr. Geoffrey C. Upward, Interim Director of Meadow Brook Hall, reported that the 2006 Meadow Brook Hall (Hall) budget performance is an estimated actual since much of the Hall's activities occur in December. He noted the budget projects a 2006 net revenue of \$44,246 excluding Meadow Brook Concours d'Elegance (Concours) revenue, and \$142,747 including Concours revenue. Mr. Upward added that the 2006 budget revenue is positive for the second year in a row, and that the budget deficit has been reduced by \$500,000.

Trustee Ann V. Nicholson asked for clarification of the General Fund budget support of \$8,797. Mr. Upward replied it represents a transfer of funds from an insurance premium rebate, part of which is being used for an assessment of the Hall's collections.

Trustee David J. Doyle noted that the Concours projections are less than anticipated. Mr. Upward responded the projection is based on a one-year amendment to the Concours agreement regarding pricing and charges tied to the gate, which resulted in less revenue. He added that the Concours' management has reorganized with a focus on sponsorship growth, especially given the difficult times for the automobile companies.

Trustee Nicholson congratulated Mr. Upward and his staff for their efforts in turning the Hall's budget around. Mr. Upward stated it is a reflection of the operational part of the museum, the cultural center, while the Hall's preservation is not reflected in the budget. He stated that a full facility assessment for the next 20 years is being finalized that includes ongoing maintenance, which will require additional funding.

Chair Pawley commented that Mr. Upward reported to the Committee that he does not view the Hall as a profit center for the University. Chair Pawley recalled the Board's statement several years ago that the Hall should be preserved as part of the University's heritage. He reiterated Mr. Upward's statement that additional funding is needed for the Hall to continue to make progress in eliminating the deficit and to become a self-sustaining operation.

Mr. Upward presented the following resolution for Board approval:

RESOLVED, that the Board of Trustees approves the Meadow Brook Hall budget for the calendar year ending December 31, 2007.

Trustee Nicholson, seconded by Trustee Penny M. Crissman, moved approval of the recommendation. The motion was unanimously approved by those present.

Tab 4. Approval of Golf and Learning Center Operating Budget for Fiscal Year Ending December 31, 2007

Mr. William M. Rogers, Golf and Managing Director, stated that the 2006 budget reflects the new business plan approved by the Board last year, to expand the Golf and Learning Center (G&LC) registrations and customer base allowing for increased volume of rounds played, while focusing on income growth. He reported the plan worked very well with registration growth of 55 families, from 615 to 670, which contributed to 31,575 rounds of golf, or an additional 2,751 rounds over the prior year. Mr. Rogers added that this growth trend increased total revenue to over \$3 million, a new departmental milestone.

Mr. Rogers stated the proposed Fiscal Year 2007 budget assumes continuation of the same business plan for operations with no fee changes and a focus toward retention of current customer base and a continued effort to seek new golfer registrations.

Chair Pawley commented that Mr. Rogers reported to the Committee that golf is basically a declining industry; however, the new G&LC business plan has been successful while the industry continues to decline from 2% to 7% annually. Mr. Rogers responded he is confident the business plan will continue to be successful in this economy.

Mr. Rogers presented the following resolution for Board approval:

RESOLVED, that the Board of Trustees approves the Oakland University Golf and Learning Center budget for the fiscal year ending December 31, 2007, with budgeted operating expenditures of \$2,842,812 and capital improvement expenditures and transfers of \$28,933; and, be it further

RESOLVED, that any expenditures in excess of the approved amount that are not funded by a direct revenue increase must have the prior approval of the President or his designee and those amounts shall be reported on a periodic basis to the Board of Trustees.

Trustee Crissman, seconded by Trustee Jacqueline S. Long, moved approval of the recommendation. The motion was unanimously approved by those present.

E. Action Items

Chair Pawley stated that the next three agenda items were not discussed at the Committee meeting.

Tab 5. Approval to Execute an Elevator Maintenance Service Agreement

Mr. Beaghan called on Mr. Terry Stollsteimer, Associate Vice President for Facilities Management. Mr. Stollsteimer stated that with the expiration of the Elevator Maintenance Service Agreement, an RFP was issued for a five-year agreement to maintain 36 elevators on campus with requirements for faster emergency response,

elevator smoke detection, car recall systems testing, and semi-annual elevator condition assessment reporting. Mr. Stollsteimer stated the most qualified bidder was Amtech Elevators, Inc., and the University is requesting that a contract not-to-exceed \$500,000 for the full five-year term be awarded, subject to the General Counsel's review and approval. He added that \$17,000 of the \$29,000 in increased cost will be covered from the General Fund and the remaining \$12,000 will be covered from the Auxiliary Fund budget.

In response to questions posed by Chair Pawley, Mr. Stollsteimer stated that no materials inventory is maintained on campus; the proposed cost of \$500,000 only covers operational expenses; there will be no on-site certified elevator technician; and response time must be 30 to 45 minutes or a penalty will be assessed.

Chair Pawley asked if there is a plan for replacement of the older elevators, and Mr. Stollsteimer replied a plan for upgrades and replacement has been developed for all of the elevators, which is part of deferred maintenance.

Mr. Stollsteimer presented the following resolution for Board approval:

RESOLVED, that the Vice President for Finance and Administration be authorized to execute a contract with Amtech Elevators, Inc. for elevator maintenance service; and, be it further

RESOLVED, that the contract with Amtech Elevators, Inc. be for a five-year term with a collective not-to-exceed cost of \$500,000, resulting in a General Fund budget increase of \$17,000, and an Auxiliary Fund budget increase of \$12,000; and, be it further

RESOLVED, that the contract with Amtech Elevators, 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.

Trustee Doyle, seconded by Trustee Nicholson, moved approval of the recommendation. The motion was unanimously approved by those present.

Tab 6. Approval of Honorary Degree for Hank Jones

Dr. Moudgil stated he is pleased to present and support the Honorary Degree Committee's recommendation to award an honorary degree to Mr. Hank Jones, an internationally recognized musician noted for a lifetime of achievement as a jazz piano luminary. Mr. Moudgil made the following comments about Mr. Jones' career:

- Held in the highest esteem by his peers, critics, and audiences, Mr. Jones' long career in jazz music has contributed to the development of this art form in the 20th Century, both as a soloist and as a valued sideman.

- Born in Mississippi, Mr. Jones was raised in Pontiac, Michigan, and is the surviving member of a family of musicians that included brothers Thad Jones, cornetist, and Elvin Jones, drummer.
- After moving to New York City in 1944, Mr. Jones worked with bandleaders such as Billy Eckstine, toured with Ella Fitzgerald, and made recordings with the legendary Charlie Parker.
- Mr. Jones has worked with some of the greatest names of bebop jazz, including Benny Goodman, Artie Shaw, and Julian “Cannonball” Adderly.
- In the 1960s, Mr. Jones worked at CBS with big bands such as the Ray Block Orchestra on the Ed Sullivan Show, and he toured and recorded with Thad Jones-Mel Lewis Orchestra.
- According to Ben Waltzer, who interviewed Mr. Jones for an article in *The New York Times* in 2001, “Mr. Jones’s greatness consists of his use of musical balance as an expressive tool. His quietude is never complacent. His vigor is never bombastic. His taste crystallizes his playing, making it centered and direct in a casual, unassuming way.

President Russi stated that Mr. Jones is delighted about the possibility of coming to campus for the May 2007 Commencement to be recognized for the work he has done over the years.

Dr. Moudgil presented the following resolution for Board approval:

RESOLVED, that the Board of Trustees awards the honorary degree of Doctor of Humanities, *Honoris Causa*, to Hank Jones.

Trustee Crissman, seconded by Trustee Doyle, moved approval of the recommendation. The motion was unanimously approved by those present.

Tab 7. Approval of Board Members for Public School Academies

Dr. Moudgil called on Ms. Gloria M. Bracciano, Director of Public School Academies & Urban Partnerships, to present this item. Ms. Bracciano stated that the Office of Public School Academies (PSAs) has received two nominations for PSA board memberships and completed due diligence on the candidates.

Ms. Bracciano presented the following resolution for Board approval:

WHEREAS, the Board of Directors of the Dove Academy nominated Steve Tomkowiak for reappointment for a three-year term to expire on February 7, 2010; and

WHEREAS, the Board of Directors of Nsoroma Institute nominated Aubrey Dixon to fill a vacancy created by resignation for a three-year term to expire on February 7, 2010; now, therefore, be it

RESOLVED, that the Oakland University Board of Trustees hereby approves Steve Tomkowiak for reappointment to the Board of Directors of Dove Academy for a three-year term to expire on February 7, 2010; and, be it further

RESOLVED, that the Oakland University Board of Trustees hereby approves Aubrey Dixon to fill a vacancy on the Board of Directors of Nsoroma Institute for a three-year term to expire on February 7, 2010.

Trustee Doyle, seconded by Trustee Long, moved approval of the recommendation. The motion was unanimously approved by those present.

F. Other Items that May Come Before the Board

Chair Pawley commented that a process map of the new Board approval process would reveal that 30 days are being removed from the approval process for every item presented today.

There were no other items presented to the Board.

G. Adjournment

Chair Pawley adjourned the meeting at 2:45 p.m.

Submitted,

Approved,

Victor A. Zambardi
Secretary to the Board of Trustees

Dennis K. Pawley
Chair, Board of Trustees