

MINUTES OF A SPECIAL MEETING
BOARD OF REGENTS OF THE UNIVERSITY OF OKLAHOMA
SATURDAY, DECEMBER 2, 1972

A special meeting of the Board of Regents of the University of Oklahoma was held in the office of the President of the University, Norman, on Saturday, December 2, 1972, beginning at 9:15 a.m.

The following were present at the meeting: Regent Nancy J. Davies, President of the Board, presiding; Regents Huston Huffman, Jack H. Santee, Walter Neustadt, Jr., Mack M. Braly, Thomas R. Brett, and Bob G. Mitchell, M.D.

The following were also present: Dr. Paul F. Sharp, President of the University; Vice Presidents Burr, Dean, Eliel, Morris, Nordby, and White. Dr. Thomas E. Broce, Executive Assistant to the President; Mr. R. Boyd Gunning, Trust Officer of the University; Mr. Thomas Tucker, Chief Counsel; and Mrs. Barbara H. James, Secretary of the Board of Regents.

Herman Smith Associates Agreement

President Sharp presented the following proposal from Herman Smith Associates, Hospital Consultants:

"November 20, 1972

"Board of Regents
University of Oklahoma
660 Parrington Oval
Norman, Oklahoma

"Gentlemen:

"Pursuant to our original proposal of October 16, 1972, we have made a preliminary study of the University Hospitals and have found that there are several important positions vacant in the management structure. In addition, we have found that positions exist in the organization for some functions which we consider essential to the sound management of the Hospitals. Because of the existing managerial vacuum, the administrative and fiscal affairs of the hospitals are in serious disarray. This situation makes it impossible for us to function effectively in the roll of consultants as we originally proposed. In addition, we believe it is imperative to fill this vacuum at once.

"We therefore make this alternate proposal: That Herman Smith Associates assist the University with managerial and planning services for a period of approximately 90 to

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120 days beginning November 20, 1972. For these management services, we are to be compensated on a per diem basis. We propose that the specific nature and cost of these services be reviewed with and approved by the Health Sciences Center Committee of the Board of Regents on a monthly basis. It is estimated that the cost of these services for the first month shall not exceed \$40,000.00. This cost will diminish as we achieve stabilization in the fiscal and administrative affairs of the hospitals and as permanent full-time managerial personnel are acquired in the months ahead.

"We consider the stabilization of the hospital management a prerequisite for the long-range study that we originally proposed for the 'reorganization of the governance and fiscal affairs of the University of Oklahoma Hospitals and the design and installation of fiscal management systems for the Oklahoma Health Sciences Center.' It is also obvious that a considerable amount of information will be generated in this new working agreement which will modify and substantially reduce the cost of the original proposal, which can be modified at a future date.

"In addition to the management services, we also propose to complete the services outlined in our original proposal contingent on and subject to the occurrence of the following events:

- "1. That adequate fiscal support is available.
- "2. That management services live up to the expectations of the Board of Regents.
- "3. That the Hospitals remain under the control of the University of Oklahoma Health Sciences Center.

"If the foregoing is acceptable, please indicate your acceptance by signing in the space provided below and returning an executed copy to us.

"Sincerely,

"John C. Dumas
Principal"

President Sharp said this agreement has been discussed and approved by the Health Sciences Center Committee of the Regents. He said it represents an effort on our part to bring into the management of the University Hospitals immediately the kinds of managerial controls that are essential to the welfare of the Hospitals. President Sharp said he believes this step to be imperative. He said he has been impressed with what Herman Smith Associates have already accomplished in a little more than a week. They have been extremely valuable and they have already indicated directions in which we should move in strengthening University Hospitals.

Dr. Eliel agreed with President Sharp's remarks. In addition, he said the management team has pledged to accomplish a complete turn-around in the managerial techniques and re-establish the fiscal situation in the Hospitals within a period of 90 days. From their performance so far, he said, there is every indication they are going to make it.

Mr. Huffman stated the Health Sciences Center Committee met with the management team for two hours last Thursday and the committee members were very much impressed by what they were told and the directions the team is taking. He said this proposed agreement is in lieu of the original proposal which covered the full program of reorganization of the Health Sciences Center. This agreement provides for the installation of a task force of 8 to 12 people who are working in the management of the Hospital in reorganizing it, hopefully to the point where they can then implement their new programs of fiscal management, cost controls, etc. Part of the fee that is being charged now will apply towards the original proposal and part will be recoverable through costs for which we are billing. In effect, he said, they are members of staff at this point and this is in lieu of salaries. There are a number of vacant budgeted positions in the Hospitals to cover this. Mr. Huffman said it is the recommendation of the committee that we go ahead and approve this interim agreement and within 90 to 120 days we will take another look at their original proposal.

Regent Huffman moved approval of President Sharp's recommendation that the agreement be approved. Approved.

Recovery Room Stretchers

An affidavit was distributed which was signed by Mr. Robert C. Terrill, former University Hospital Administrator, and Mr. Tom Tucker, Chief Counsel, which states that the recovery room stretcher made by the Stryker Corporation is the only one on the market complying with our specifications.

President Sharp said a proposal has been received from Stryker Corporation for 19 recovery room stretchers at \$913.35 each or a total cost of \$17,353.65. The time for delivery on these stretchers is 45 days after receipt of the order and these are needed for the opening of the new Mark R. Everett Tower.

Funds are available in budget account 9983-0 to make this purchase.

President Sharp recommended purchasing the recovery room stretchers from Stryker Corporation at a total cost of \$17,353.65.

Mr. Neustadt stated this is an item that has been postponed from time to time and this new recommendation is of a lower cost than the original one. He moved approval of President Sharp's recommendation. Approved.

Health Sciences Center Personnel

CHANGE:

Samuel R. Oleinick, Associate Professor of Medicine, salary changed from \$166.67 to \$323.58 per month (state funds), part-time, September 1, 1972. This is a correction in the salary rate originally submitted for Dr. Oleinick. The remainder of Dr. Oleinick's salary is being paid by the VA Hospital. The original salary figure received from VA was incorrect and our proportionate part should be changed.

Approved on motion by Regent Huffman.

Expansion of Central Steam and Chilled Water Plant

Mr. Huffman requested and received unanimous consent to add an item to the agenda for consideration.

At the October meeting (p. 11742) the Regents recommended that the Trustees of the Oklahoma University Development Authority enter into an agreement with Carnahan and Thompson, Engineers, for the preparation of plans for the expansion of the central steam and chilled water plant on the Health Sciences Center Campus. Mr. Huffman said Mr. Gunning and he met with Carnahan and Thompson pertaining to the fee for their services on this project. Mr. Huffman said a 6% fee seems appropriate for this project since it primarily involves engineering services. He said he has addressed a letter to Regents Santee and Brett, the other members of the Facilities Planning Committee, to this effect but that they have not had time to discuss the matter.

Regent Huffman moved: that we recommend to the Trustees of the Oklahoma University Development Authority that they approve a fee of 6% for Carnahan and Thompson and that they enter into a contract with them covering the expansion of the central steam and chilled water plant. Approved.

Stadium Expansion

Regent Santee suggested some action might be taken on the establishment of a fee for Wright and Selby on the stadium expansion project. However, some members of the Board requested the opportunity to have more time to consider the matter. It was agreed, therefore, that no action would be taken at this time.

The Lloyd Noble Center

A tabulation of the construction bids received on November 21 on The Lloyd Noble Center was distributed (see following page). President Sharp stated he did not have a recommendation at this time but he would like to present to the Regents some options and alternates that are available to us as a result of the bids being so far over the amount of funds available.

Vice President Nordby presented the following Project Summary:

General Construction		\$4,876,877
Furnishing and Misc.		
Landscaping	\$ 30,000	
Playing Floor	32,000	
Seats	270,000	
Sound System	50,000	
Scoreboard	10,000	
Backstops	3,500	
Stage	6,000	
Sewer	<u>30,000</u>	<u>431,500</u>
		\$5,308,377
Fees		
Architects	\$270,000	
Acoustical Engr.	10,000	
Additional Fees	<u>36,800</u>	<u>316,800</u>
		\$5,625,177
Other Costs		41,823
Contingency		<u>100,000</u>
		\$5,767,000

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Dr. Nordby also presented the following analysis of the apparent low bid submitted by Rayco Construction Co.:

	<u>Without</u> <u>Alt. 1&2</u>	<u>With</u> <u>Alt. 1&2</u>
Base Bid	\$4,929,000	\$4,929,000
Add Alternates		
1. Curbs and Walks		77,583
2. Gravel--Paving		127,187
3. Finish Dressing Rooms	78,993	78,993
4. Finish Offices	57,124	57,124
5. Acoustical Treatment	48,187	48,187
Deduct Alternate 6	<u>(11,077)</u>	<u>(11,077)</u>
Total Bid	\$5,102,167	\$5,306,937
Acceptable Bid Amount	4,876,877	4,876,877
Cost Overrun	225,290	430,060

Dr. Nordby said that even if we can make some reductions and get the low bid down to the acceptable amount of \$4,876,877, we have some other problems since only about \$4.5 of the project funds is available at this time. In addition to the construction bid, we are obligated for the fees (\$316,800).

Vice President Burr presented the following data on funding of this project:

<u>Source of Funds</u>			
Cash:	Bond Revenue	\$3,169,000	
	Gifts & Seat Ops.	689,948	
	Student Facilities		
	Fees	<u>225,000</u>	\$4,083,948
Note:	Promissory Note		<u>500,000</u>
			\$4,583,948 (available now)

**BID TABULATION SHEET
THE LLOYD NOBLE CENTER**

GENERAL CONTRACTOR	BID BOND	MECHANICAL CONTRACTOR	ELECTRICAL CONTRACTOR	BASE BID	ADD ALT. 1	ADD ALT. 2	ADD ALT. 3	ADD ALT. 4	ADD ALT. 5	DEDUCT ALT. 6	DEDUCT ALT. 7	Completion Time
CARNES CONSTRUCTION (Recd after 2:00 pm)	X	Wattie Wolfe	Industrial Electric	\$5,390,000	\$96,800	\$125,000	\$87,200	\$61,000	\$55,300	\$11,000	\$18,000	700 days
J. J. COOK CONSTRUCTION Co.	X	Natkin Co.	Industrial Electric	5,536,800	75,420	182,960	74,980	61,685	78,800	NB	3,600	660 days
E. A. COWEN CONSTRUCTION Co.	X	Spaeth	Industrial Electric	5,598,000	81,200	111,000	79,800	68,600	60,000	12,000	18,000	660 days
HARMON CONSTRUCTION	X	Spaeth	Industrial Electric	5,400,000	81,000	116,000	71,000	61,500	54,000	11,000	18,000	660 days
LIPPERT BROTHERS CONSTRUCTION	X	Spaeth	Industrial Electric	5,246,000	72,000	100,200	77,000	57,500	65,000	10,700	17,900	660 days
H. A. LOTT CONSTRUCTION Co.	X	Spaeth	Industrial Electric	5,550,000	50,000	120,000	72,000	60,000	53,000	8,000	15,000	660 days
MANHATTAN CONSTRUCTION	X	Spaeth	Industrial Electric	5,482,140	65,976	109,599	83,976	74,499	65,859	11,000	18,000	660 days
WALTER NASHERT & SONS CONSTRUCTION	X	Spaeth	Industrial Electric	5,339,700	73,780	174,700	71,500	63,700	75,900	10,000	18,000	660 days
RAYCO CONSTRUCTION	X	Commercial Mechanic	Echols Electric	4,929,000	77,583	127,187	78,993	57,124	48,187	11,077	20,123	730 days
UNITED BUILDERS	X	Spaeth	Industrial Electric	5,244,000	93,700	120,300	82,600	62,300	58,500	10,000	17,000	660 days
					Walks & Curbs	Paving	Finish dressing rooms	Finish offices	Acoustics --brick	Geared Drive Chiller	Hermetic Chiller	

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Pledges:

Firm General Commitments	\$361,666	
Seat Options	265,867	
Misc. Pledges	<u>550</u>	\$ 628,083

Future Funds:

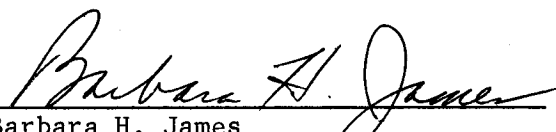
Additional Student Facilities Fee to be collected and interest	<u>500,000</u>
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TOTAL PROJECT FUNDS \$5,712,031

There was a discussion of the various options open and ways that costs could be trimmed in order to bring the project within funds available and the possibility of additional fund-raising. President Sharp suggested that no action be taken now and that the staff continue to work with Rayco Construction and try to bring the costs down. He said the bids will be good until January 20, 1973. He recommended that action be deferred on this matter.

Approved on motion by Regent Brett.

There being no further business the meeting adjourned at 9:45 a.m.


Barbara H. James
Secretary of the Board of Regents

Others present at all or part of the meeting:

Mr. Pat de la Garza, Assistant to the Vice President for Administration and Finance
Ms. Joan North, ACE Administrative Intern
Mr. W. R. Campbell, University Architect
Mr. Glen Justice, Financial Coordinator/Controller
Mr. Jack Graves, Sorey-Hill-Binnicker
Mr. Ray Binnicker, Sorey-Hill-Binnicker
Mrs. Leonard Eliel
Mrs. Mack M. Braly
Dr. Robert Shapiro, Associate Vice President for Administration and Finance
Mr. Mike Treps, Office of Media Information
Miss Cathy Hobbs, Oklahoma Daily
Mr. Ron Turner, WKY-TV
Mr. Jim Bross, Norman Transcript
Cameraman and Reporter, KOCO-TV
Mary Davis, Tulsa World
Reporter, Daily Oklahoman