

MINUTES OF A SPECIAL MEETING
THE UNIVERSITY OF OKLAHOMA BOARD OF REGENTS
MARCH 29-30, 1979

A special meeting of the Board of Regents of The University of Oklahoma was held in the Auditorium of the Health Sciences Library on the Oklahoma City Campus of The University of Oklahoma on Thursday, March 29, 1979, beginning at 5:55 p.m. and continuing on Friday, March 30, 1979, beginning at 7:00 p.m.

Notice of the time, date, and place of this meeting was submitted to the Secretary of State as required by Enrolled House Bill 1416 (1977 Oklahoma Legislature).

The following were present at the meeting on March 29: Regent K. D. Bailey, President of the Board, presiding; Regents Richard A. Bell, Dee A. Replogle, Jr., Charles E. Engleman, Dan Little, and Bob G. Mitchell, M.D.

Absent: Regent Ronald H. White, M.D.

The following were also present at the meeting on March 29: Dr. William S. Banowsky, President of the University; Provosts Thurman and Morris; Vice Presidents Burr and Stout; Executive Assistant Joseph C. Ray; and Mrs. Barbara H. James, Executive Secretary of the Board of Regents.

Proposed Norman Campus Student Code Revisions

A copy of the proposed Student Code changes as recommended by the Student Code Revision Committee had been mailed to each Regent prior to the meeting. President Banowsky's recommendations regarding approval of the proposals submitted by the Student Code Revision Committee were presented with the following comments:

- | | |
|-----------------|--|
| Section III | -Recommended as submitted |
| Section XI, F.6 | -Recommended as submitted with the addition of the word "mutually" following the word "regulations", for clarity. |
| Section XII | -Recommended as submitted |
| Section XIII | -Recommended as distributed to the Regents at this meeting with the clarification that the provisions of the Regents' Policy of March 8, 1973, and, as amended, related to the Student Activity Fee remain in effect, although not restated in the Student Code. |
| Section XXII, B | -Recommended as submitted |

Section XXIII

-While the President has no real objection to the intent of the last sentence of this proposal, technically it would seem to preclude the Regents from exercising their constitutional authority as they may deem necessary. Therefore, the President recommends that the last sentence be changed to read as follows: "In such an event, however, the Regents shall officially notify the Student Congress as soon as possible and seek their opinion regarding the action taken."

Regent Bailey recognized Vice President Jack Stout for comments regarding the proposed Student Code changes. Mr. Stout commented as follows:

"The key proposal deals with a revision of the current system for recognition of student organizations (Section XIII). The proposed system, developed by a committee consisting of three students, two University Community staff members, and one faculty member from the College of Law, and approved unanimously by the Code Revision Committee, follows three basic principles:

- "1. That the University should discontinue its system of recognizing, thus appearing to officially approve, student organizations representing a wide variety of goals and purposes, including political, religious and social interests not directly related to the educational missions of the University.
- "2. That the University should have a process for dealing with questions related to eligibility for use of state funds and facilities.
- "3. That this process should be developed so that student organizations whose purposes and programs are directly related to the function of an academic or administrative unit should be eligible to apply for funds and facilities; other groups should not.

"As you know, this is not an easy problem to deal with, especially if an institution does not wish to adopt an 'anything goes' position (which a number of schools have done). We believe there must be some standards, but in taking this position we always risk the possibility of complaints, rights' questions, and possible legal action.

"We believe the proposed system is as consistent in its treatment of all student groups as possible, yet protects the integrity of the University. We believe it is as risk-free as any system we could devise, still maintaining important University standards.

"Under the new system, a formal recognition process is eliminated (also eliminating Congress votes, vetoes, overrides of vetoes, and automatic rights of appeal to Regents on issues of this type). The new process has several control steps, the final one being the concurrence of the Vice President for the University Community (with authority delegated by the President). Also, even those groups granted eligibility could not obtain funds for political, religious, or social purposes.

"Examples of organizations which would probably be excluded from eligibility under the new system are such groups as the Chess Club, the Revolutionary Student Brigade, the Campus Christian Fellowship, The Gay Peoples' Union, the Collegiate Republicans, etc. These groups could have meetings in rent free space in the Oklahoma Memorial Union, thus accommodating issues of free speech and association. They could not have access to state funds or facilities, since it would be unlikely that they could be determined as having a direct relationship to the function of an academic or administrative unit of the University.

"These proposed changes have followed the designated University process fully. There can be no legitimate charge of lack of 'due process'. However, at their meeting last night, the Student Congress voted to ask for a delay in the consideration of these changes, until the regular April meeting of the Regents. Chuck Springer, the Chair of Congress, was disturbed by this action, since he and Mike were on both committees involved in this. Chuck received a copy of these proposed changes on February 22nd and told Congress members that copies of the proposed changes were available for their review. He has told me that only two or three students came to pick up a copy before last week.

"The process has been followed. There is no reason to delay. There are some reasons we should not delay:

- "1. We have a faulty system. It has caused the University, including students, problems for years. We have studied it for months. It needs to be changed promptly, or we continue to risk problems and further conflict.
- "2. The committee studied systems from all Big Eight schools, the University of Texas, and Arkansas. There is no perfect system. We believe the proposed system is logical, fair, and workable. We could go on and on with studies, proposals, and discussion. We have had ample time for this. The UOSA leadership has been fully involved every step of the way, and Congress has been accorded the appropriate and required opportunity for input.
- "3. To delay simply invites continued controversy and confusion. The four student organizations recently voted recognition by Congress clearly demonstrate the need for a new system. Not only NORML, but the other groups recognized, are of questionable purpose in relation to the actual mission of the University. We cannot legislate the existence of such groups, but the University should not be required to continue with a system which would permit the funding and use of state facilities by such groups.

- "4. Every week which passes leaves us with continued potential problems. For example, there could be a new 'gay rights' organization proposed at any Congress meeting. We need to change the system so that these continuing problems are eliminated or at least better controlled.
- "5. The Student Code is not set in concrete. The students know that if there are in fact problems with the new system, those can be reviewed and alterations recommended at an appropriate time. We need to get on with trying a different, improved approach.
- "6. We have a number of publications which we are currently revising for next fall. Any new regulations need to be included, and while this is obviously an administrative problem, we need as much time as possible to get this done so that new students, parents, etc. can be given accurate information as to the University's policies.
- "7. We will have student government elections the first week in April. With new officers, we will hear the 'we're new at this', 'give us a chance', 'we weren't involved', 'we haven't had time', position. We have been through that many times before. It is a standard tactic for students who don't know what to do, so they don't want anything done. It would be ill-advised to delay this so that we have to deal with new UOSA leadership and go over all this ground again--with the old system still in effect."

Vice President Stout commented on the final recommendations from the President. He said the full process has been followed on these code revisions, and the revisions recommended by the Code Revisions Committee were sent to Congress. Congress has had the appropriate period of time to respond, and they have done so. Copies of the Student Congress alternate proposals for changing Sections III and XIII were distributed to the Regents. Mr. Stout said these alternate proposals had been considered and that some of the suggestions made by Student Congress for Section XIII have been incorporated in the President's recommendations submitted to the Regents.

Copies of the following Student Congress Resolutions also were distributed to the Regents:

Title: STUDENT CONGRESS WANTS TO COOPERATE WITH THE UNIVERSITY OF OKLAHOMA BOARD OF REGENTS; A RESOLUTION CONCERNING COMPROMISES AND HOPEFUL IMPROVEMENTS TO THE STUDENT CODE REVISION PROPOSALS

WHEREAS: Student Congress agrees with University officials that there is a need to establish a more viable method for organizational recognition and funding, and,

WHEREAS: There exist differences in regard to procedures and interpretations in the current proposals recommended by the Student Code Revision Committee, and,

WHEREAS: These differences are not irreconcilable, and,

WHEREAS: There is a need for a workable compromise that will accommodate all parties concerned, and,

WHEREAS: Such a compromise is being offered,

BE IT THEREFORE RESOLVED THAT STUDENT CONGRESS

Section 1: Requests the O.U. Board of Regents to submit the current Student Code Revision Alternate Proposals concerning student organizational funding and status to the Student Code Revision Committee for reconsideration.

Section 2: Urges the Student Code Revision Committee to adopt the Second Alternate Proposal as a more equitable and workable solution to the student organizations' recognition and funding problem.

TITLE: A RESOLUTION OF SUPPORT FOR A SECOND ALTERNATE PROPOSAL CONCERNING ORGANIZATIONAL RECOGNITION AND FUNDING

WHEREAS: There should exist a procedure by which student organizations are recognized and funded, and,

WHEREAS: A current proposal for such a procedure has inherently many problems, and,

WHEREAS: Student Congress has an obligation to resolve the differences among the various parties affected by this series of code changes,

BE IT THEREFORE RESOLVED THAT STUDENT CONGRESS:

Section 1: Supports the following proposal (Second Alternate Proposal) concerning organizational recognition and funding.

Regent Bailey recognized Mike Carter, UOSA Student President, and Mr. Carter introduced Mike Avant-Pybas, who was instrumental in developing the alternate proposal of Student Congress on the recognition of organizations question. Mr. Avant-Pybas commented at length on the proposal of Student Congress and urged acceptance and delay in accordance with the resolutions of Congress.

Mr. Carter also explained the concerns of Student Congress regarding the change of Section XXIII and asked that it be reviewed again and revised so that Congress could be assured they would have input prior to any Regents' action on the Student Code.

Regent Little stated he has reviewed these Code changes carefully and is concerned that the Regents follow the procedure; he believes the administration and the Regents have done so in this case. He said he cannot imagine a situation where Student Congress will not be consulted prior to a change being made in the Code. However, he believes the Regents do have the Constitutional authority and duty and believes these should be clearly outlined in the Student Code so that there are no misunderstandings. For these reasons, he urged the Board to approve the President's recommendation and alter Section XXIII as proposed.

Regent Little moved approval of the revision of Section III as proposed by President Banowsky to read as follows:

- D. The term "organization" refers to student groups which are determined eligible to apply for student activity fee funds, according to the provisions of Section XIII of this Code.
- E. The term "group" refers to all student groups, including those which are and are not determined eligible to request student activity fee funds.

The following voted yes on the motion: Regents Bailey, Bell, Replogle, Engleman, Little, and Mitchell. The Chair declared the motion unanimously approved.

Regent Little moved approval of revised Section XI as proposed by President Banowsky to read as follows:

- F.6. Possession and consumption of alcoholic beverages (including 3.2 beer) on University property outdoors, such as housing center lawns and the duck pond, or in other public areas on the campus is prohibited. Requests for exceptions to permit 3.2 beer only must be approved by the Vice President for the University Community, subject to state and local laws, and to rules and regulations mutually established by the Vice President for the University Community and the UOSA.

The following voted yes on the motion: Regents Bailey, Bell, Replogle, Engleman, Little, and Mitchell. The Chair declared the motion unanimously approved.

Regent Little moved approval of Section XII as proposed by President Banowsky to read as follows:

- A. Regents' policy provides that certain students are required to live in University housing. All single freshmen students who are not 20 years of age, who do not have at least 24 hours of college credit, or who have not lived in University residence halls for at least two semesters must live in a University residence hall or in University-approved fraternity or sorority housing for the academic year. Exception from this policy is by special permission only, granted in writing by the Vice President for University Community or his/her delegate(s). Application for special permission must be made to the University Community Office, Room 213, Hester Hall prior to the beginning of each semester. Special permissions are granted for a period of one semester only and are subject to review prior to renewal.

The following voted yes on the motion: Regents Bailey, Bell, Replogle, Engleman, Little, and Mitchell. The Chair declared the motion unanimously approved.

Regent Little moved approval of Section XIII as proposed by President Banowsky to read as follows:

A. Student Activity Fee Funds

The Student Activity Fee is that portion of the University's budget which is set aside to be utilized for non-academic programs and services for students. The President of the University, as its chief executive officer, presents recommendations to the Regents on the distribution of all University funds, including the Student Activity Fee, according to policies established by the Regents.

The Regents of the University have delegated to the Student Association the authority to recommend appropriation of a portion of the Student Activity Fee, subject to the following conditions:

1. Funds may be appropriated to the established executive, legislative, and judicial branches of the UOSA (e.g. Housing centers, Campus Activities Council, and student courts).
2. Funds may be appropriated to student organizations whose purposes and programs are directly related to the function of an academic or administrative unit.
 - a. Student organizations identifying themselves as meeting the above requirements must be recommended by the chair or director of the academic or administrative unit involved.
 - b. Student organizations determined by the President of UOSA, the Chair of Student Congress, and the Vice President for University Community as having met the necessary requirements will be considered eligible to apply for student activity fee funds.
 - c. Student Activity fee funds may be appropriated to eligible organizations for projects or programs which have a substantial campus-wide interest, but not for political or religious purposes.

NOTE: The provisions of the Regents' policy of March 8, 1973, as amended, related to the Student Activity Fee remain in effect, although not restated in the Student Code.

3. The University of Oklahoma Student Association has adopted the following additional policies regarding student organizations which may receive appropriations from the Student Activity Fee:
 - a. A written constitution consistent with the provisions of Section XIII of the Student Code, a copy to be filed for record with the UOSA Attorney General.

- b. At least a membership of ten Student Association members, verified to be bona fide students by the UOSA Attorney General. Upon such verification the UOSA Attorney General shall substitute the membership list with his subscribed statement that this requirement has been fulfilled.
 - c. The University of Oklahoma Student Association shall not be held responsible for any debt incurred by an organization without the proper written permission of the University of Oklahoma Student Association and will not be obligated to pay such debts.
 - d. Each organization which receives funds from Student Congress shall submit its account, listing all income and expenditures from and to all agencies, businesses, or individuals to the University Internal Auditing Office for an annual audit.
 - e. Any appropriation can be spent only on the activity for which it was appropriated.
 - f. The student organization's chairperson must sign a statement of financial responsibility before any appropriation is transferred to that organization's account.
 - g. Any other requirements duly enacted by the University of Oklahoma Student Association which are not inconsistent with the provisions of the Student Code.
4. Regulations of the Board of Regents make it mandatory for branches of UOSA and organizations determined eligible to receive student activity funds to keep their account in the Bursar's Office of the University. All money received must be deposited in the University account, and all expenditures must be supported by written vouchers and made by University check after approval of the faculty or staff advisor.
 5. At the discretion of the UOSA, appropriated monies may be denied or withdrawn from any student organization that has an overdrawn University account.
- B. Membership in student groups shall not be denied any person on the basis of race, creed, religion, national origin, or disability nor shall membership be denied on the basis of sex, unless the very purpose of the organization would be defeated if sex discrimination were not allowed; provided, however, that the purpose of the organization must be consistent with public policy as established by prevailing University community standards, and that the person be willing to subscribe to the stated aims and meet the stated obligations of the organization.

- C. Membership lists are confidential and solely for the use of student groups, except that names and addresses of current student officers, and a sponsor who is a full-time member of the faculty or staff shall be required.
- D. No individual, group or organization may use the name of the institution without the expressed authorization of the institution. Institutional approval or disapproval of any policy may not be stated or implied by any individual, group, or organization.
- E. Use of University Facilities
 - 1. Official branches of UOSA and student organizations determined eligible for funds may reserve University facilities, including designated outdoor areas. The reservation of facilities is subject to established policies governing the use of facilities. To obtain further information, or to apply for use of a facility, contact the Coordinator of Student Activities, Center for Student Development, Hester Hall.
 - 2. A student group may reserve designated meeting rooms in the Oklahoma Memorial Union with no rental charge or arrange for other Union facilities or services subject to established Union policies.
 - 3. No individual, group or organization may use or rent University facilities for a fund-raising event without the prior approval of the University Community Office.

Regent Replogle retired from the meeting.

Mr. Chuck Springer, Chair of Student Congress, was recognized by Regent Bailey. Mr. Springer thanked President Banowsky for accepting some of the Student Congress suggestions for changes in Section XIII. Mr. Avant-Pybas commented at length on the differences between the proposal of the Student Congress and President Banowsky's. He urged adoption of the alternate proposal submitted by Student Congress. Mr. Greg Givens, Chair of the Congressional Administration Committee of Student Congress, commented in support of the first proposal. He believes most students will support tightening the requirements for funding. Mr. Carter urged that action on Section XIII be delayed until the April meeting of the Board.

Regent Bailey commented on the fact that this has had full review. The proposed changes have been made available to the students for some time, and as long as there has been sufficient input, he believes the Regents should go ahead and take an action. Vice President Stout commented on the need to move forward now. He said the Code is not set in concrete, and, if flaws are discovered, changes can be made at a later date, but he believes we need to try a new system, and action needs to be taken now.

The following voted yes on Regent Little's motion: Regents Bailey, Bell, Engleman, Little, and Mitchell. The Chair declared the motion approved.

Regent Little moved approval of the addition of the following at the end of paragraph B of Section XXII as recommended by President Banowsky:

All proposed changes to the Student Code, whether proposed by the Student Association, University Administration, or other members of the University Community must be submitted in accordance with the procedures set forth within this article.

The following voted yes on the motion: Regents Bailey, Bell, Engleman, Little, and Mitchell. The Chair declared the motion carried.

Regent Replogle returned to the meeting.

Regent Little moved approval of the changes in Section XXIII as recommended by President Banowsky as follows:

The Regents of the University of Oklahoma are charged in the Constitution of the State of Oklahoma with the government of the University of Oklahoma, and nothing in this code shall ever be construed so as to prevent the Regents from establishing or amending rules or procedures in order to fulfill such responsibility. In such an event, however, the Regents shall officially notify the Student Congress as soon as possible and seek their opinion regarding the action taken.

The following voted yes on the motion: Regents Bailey, Bell, Replogle, Engleman, Little, and Mitchell. The Chair declared the motion unanimously approved.

\$7,060,000 Utility System Revenue Bonds - Series 1979

Regent Bailey recognized Provost Thurman, who reported that, as advertised and planned, bids were received at 10:00 a.m. on March 29 on the \$7,060,000 Utility System Revenue Bonds, Series 1979. He said, however, the University is not in a position to recommend to the Regents approval of the sale because of events which have happened within the past 24 hours. He asked Assistant Provost David Walters to review the situation. Mr. Walters reminded the Regents that the State Regents on February 28 approved the verification of the Statement of Essential Facts for this bond issue and sent it on to the Attorney General's Office as is normally the case. After a review, the Attorney General's Office sent a communication to Chancellor Dunlap on March 23 indicating he had concerns about the bond issue and wanted additional information. Mr. Walters said Dr. Ed Coyle of the State Regents Office and he met yesterday with Assistant Attorney General Everette Hull to provide additional information and discuss the Attorney General's concerns.

Attorney General Cartwright had raised questions about the appropriateness of issuing tax exempt revenue bonds that would support a project designed to serve some private as well as public institutions in the Health Sciences Center

complex. He also expressed reservations about how the University might legally set utility rates for those private institutions being served without going through the State Corporation Commission. Mr. Walters said after a meeting this morning with the Attorney General and his staff, it was decided that it would be in the best interests of the State of Oklahoma and the University of Oklahoma to proceed with the acceptance and opening of the bids as planned at 10:00 a.m.

He asked Mr. Robert B. Lewis, President of Leo Oppenheim & Co., Inc., bond financial advisers, to present the bids that were opened and to discuss these bids.

Mr. Lewis distributed the following tabulation of bids:

<u>BIDDER</u>	<u>AVERAGE INTEREST RATE FROM DATE OF BONDS TO FINAL MATURITY</u>
Citibank, N. A.; Continental Illinois Nat'l Bank - Chicago; W. H. Morton & Co. (Div. of Amer. Exp.); Lehman Bros., Kuhn Loeb, Inc.; United California Bank; Bear Stearns & Co.; Ehrlich-Bober Co.	6.54873%
First Nat'l Bank - OKC; Merrill Lynch, Pierce, Fenner & Smith - OKC; Woolsey & Company; Dean Witter Reynolds; Leo Oppenheim & Co., Inc.; Thomson McKinnon Securities - OKC	6.23323%
Liberty Nat'l Bank, OKC; First Nat'l Bank - Tulsa; Bank of Oklahoma; Blyth Eastman Dillon & Co.; Fidelity Bank, N. A.; The First Boston Corporation; Kidder, Peabody & Company; R. J. Edwards, Inc.; Stifel, Nicolaus & Company; Shearson Hayden Stone, Inc.; Wilson White, Belf, Lake, Rochlin & Company	6.024681%
Bache Halsey Stuart Shields, Inc.	6.2551%
John Nuveen & Co.; Oppenheimer & Co., Inc.; BancNorthwest; E. F. Hutton & Company; Hutchinson, Shockey, Erley & Co.; Kirchner, Moore & Co.; Rowles Winston Div. of Cowen & Company; Stern Brothers & Co.; Underwood Neuhaus & Co.; The Chicago Corporation; First Securities Company of Kansas, Inc.; Zahner and Company	6.4434%

Mr. Lewis stated that in view of the Attorney General's concerns about the bond issue, immediately following the bid opening financial advisers and bond counsel met with representatives of Liberty National Bank and Trust Company, Oklahoma City, managers of the account members representing the low bid, and explained the problems connected with the issue in some detail. He said Liberty was given the opportunity to withdraw their bid. Mr. Lewis said it would be appropriate at this time to ask what their wishes would be in this matter. Mr. Lewis introduced Mr. Bill Wilkins of The First National Bank and Trust Company of Tulsa, representing the account members. Mr. Wilkins said with the inability to obtain an Attorney General's opinion, marketing of the bonds would be virtually impossible. He said there were indications the Regents might be receptive to some sort of additional proposal.

At this point, it was suggested that bond counsel should review for the Regents the steps necessary to obtain validation of the bond issue. Mr. Gary Bush, bond counsel, stated that the Oklahoma Statutes provide that the Oklahoma Attorney General must approve the transcript of proceedings of revenue bond issues and provide a 30-day contestable period. He said the Attorney General has stated there are sufficient questions that he will not be able to render an opinion. Mr. Bush listed the following alternatives for the Regents: (1) Seek an Oklahoma Supreme Court validation of the bond issue; (2) hope that the Attorney General changes his mind completely, or that the Attorney General changes his mind partially to allow the Regents to go forward with the bond issue and seek out other remedies with regard to the philosophical points he has raised; or (3) seek remedial legislation. Mr. Bush said he believes Supreme Court validation of the bond issue is the most feasible. Mr. Bush believes if an opinion is sought from the Supreme Court, the additional time required would be 60 to 70 days on the outside.

During the discussion, Mr. Replogle said he believes seeking validation of the bond issue by the Supreme Court is the obvious way to go, and, to the extent there is any ambiguity in the Statutes, the Regents should attempt to obtain legislative action to clarify the Statutes.

Mr. Wilkins said if this is the way the Regents intend to go, the low bidders who he represents would like to be first in line to negotiate, or in some form or fashion fix an index, once this problem is solved. He called attention to the fact that the "Bond Buyer's" Index of 20 municipal bonds was at 6.29 on Thursday, and the effective interest rate on their bid on our bonds was 6.02%. Mr. Wilkins suggested some sort of rate relief tied to the Bond Buyer's Index, but limited to no more than 15 points. He agreed during discussion that he would be willing to go 15 up or 15 down. He explained that there were 27 basis points' difference between the market on March 29 and their bid, so that in 60 days when the lawsuit is settled, their bid would be 27 basis points below the Bond Buyer's Index plus or minus 15 basis points. In other words, they will not go higher than 12 points below the Bond Buyer's Index.

There was a lengthy discussion regarding the meaning of this proposal.

Mr. Bernard Hall, representing The First National Bank and Trust Company of Oklahoma City, second low bidders, said it is their feeling that any deviation according to the official notice of sale could constitute an irregularity or an unqualified bid. It is their feeling that if a bid is tied to the Bond Buyer's Index, this is an irregularity in the bidding process and accepting such a bid would not be fair to the other bidders. He indicated that by doing this, the Regents could end up with a higher interest rate than the bid submitted by The First National Bank and Trust Company and account members of 6.23323%. He said The First National Bank and Trust Company is willing to stand by their bid regardless of the legal problems. He does not believe the Regents should give the low bidder the opportunity to submit another proposal. He said he believes if the low bidder wants to adjust their bid, that the original bid should be rejected, or Liberty National and account members should be allowed to withdraw their bid and the Regents could accept the bid of The First National Bank and Trust Company of Oklahoma City.

Mr. Bush stated the Regents do have the right under the Statutes to negotiate the bids; they have the right to sell bids as they please. Historically, the University has sold bids by competitive bidding, with one exception in the case of a refunding of bonds. He said the proposal by The First National Bank of Tulsa legally can be accepted. Legally, the Regents can reject and can go to the second bidder--it is a discretionary matter as far as the Regents are concerned and a very complicated one. He said the Regents even could legally auction bids, though the Regents have never done that. The Regents could reject all bids and readvertise for sale after the legal matters are clarified if they wish.

At this point, Provost Thurman commented on other factors such as inflation. He said we will lose money every passing month on this project. For example, there are some energy-saving items built into the project, and these will save the users approximately \$20,000 per month once they are installed. He also commented on new construction on the Health Center Campus which requires the expansion of the Steam and Chilled Water Plant. He cited particularly the Rehabilitation Center to be constructed by DISRS. The inflationary factor on the Steam and Chilled Water Plant expansion alone would be approximately $\frac{3}{4}$ of a percent per month on this \$6,000,000 project. If the Regents decide to rebid, the maximum delay probably would be about four months, depending on the length of time required for the Supreme Court to make a decision.

Regent Little asked if the Liberty National Bank group would be willing to give a firm new bid. Mr. Wilkins then asked for some time to review this with the other account members. Mr. Hall of First National Bank in Oklahoma City asked if the other bidders present would be allowed to submit another bid. The Regents agreed that all should be allowed to reconsider the bids submitted at 10:00 a.m. this morning.

Regent Little moved the Board recess for 15 minutes to allow the bidders present to reconsider their bids. The following voted yes on the motion: Regents Bailey, Bell, Replogle, Engleman, Little, and Mitchell. The motion was unanimously approved.

March 29-30, 1979

15457

The meeting recessed at 7:25 p.m. The meeting reconvened at 7:40 p.m.

The following bid was received from The First National Bank and Trust Company of Oklahoma City and account members - 6.092%.

The following addendum to the original bid of The Liberty National Bank and Trust Company and account members was submitted by Bill Wilkins of The First National Bank and Trust Company of Tulsa:

"Subject to terms of the original contract, we propose to purchase the \$7,060,000 at an effective interest rate not to exceed .12 basis points under the Bond Buyer's Index on the date approved by the Attorney General."

The Chair reported one firm bid from First National Bank and Trust Company of Oklahoma City and that the other bid is the same as the alternate proposal submitted earlier and geared to the Bond Buyer's Index.

Mr. Engleman asked Mr. Wilkins if they would make a definite bid. Mr. Wilkins stated that due to the late hour, he could not contact the account members and therefore could not make a definite proposal. He said he might be able to make a definite proposal later, but would need at least 24 hours.

Regent Mitchell moved the Board accept the bid of The First National Bank and Trust Company of Oklahoma City at an average net interest rate of 6.092%. After lengthy discussion, Regent Mitchell withdrew this motion because it was determined the Regents should take an action regarding validation of the bond issue prior to accepting a bid.

Regent Mitchell moved that the Regents seek validation of the \$7,060,000 Utility System Revenue Bonds, Series 1979, from the State Supreme Court and also that appropriate legislation be submitted to the Oklahoma State Legislature to obtain clarification of the Statutes. The following voted yes on the motion: Regents Bailey, Bell, Replogle, Engleman, Little, and Mitchell. The Chair declared the motion unanimously approved.

Regent Mitchell moved the Board accept the bid of The First National Bank and Trust Company of Oklahoma City at an average net interest rate of 6.092%.

There was a lengthy discussion regarding postponing any action on accepting a bid for 24 hours and giving all parties an opportunity to resubmit bids. Mr. Bush stated the Regents are authorized to sell the bonds in any manner they deem advisable as long as it is in an open meeting, and that the meeting can be recessed for 24 hours; the Regents can negotiate a bid on the bonds, the Board can award a bid tonight, or postpone the bid for 24 hours. It is at the discretion of the Regents.

Regent Bailey stated that both bidders were given an opportunity to submit firm definite bids, and one has. In fairness to him, he believes it appropriate for the Board to proceed.

Mr. Wilkins pleaded to the sense of fair play of the Board. He commented that they were allowed several weeks to prepare for the original bid and were then allowed only fifteen minutes in which to make a decision on changing their bid. He said he would like to have an opportunity to discuss this matter with the other members of the account and see if a firm bid can be submitted.

The following voted yes on Regent Mitchell's motion: Regents Mitchell and Bailey. The following voted no on the motion: Regents Little, Replogle, and Engleman. Regent Bell abstained. The Chair declared the motion failed.

Regent Engleman moved the Board recess for 24 hours and give an opportunity to all bidders to resubmit sealed bids to be opened at the reconvened meeting and that there be no further negotiation with the bidders. The following voted yes on the motion: Regents Replogle, Engleman, and Little. The following voted no on the motion: Regents Bailey, Bell, and Mitchell. The Chair declared the motion failed.

Regent Bell moved the Board not accept any bids until after the question of the validation of the revenue bonds is settled by the State Supreme Court. The following voted yes on the motion: Regents Mitchell and Bell. The following voted no on the motion: Regents Bailey, Replogle, Engleman, and Little. The Chair declared the motion failed.

Mr. Bush said there is a substantial question under the law that if a bid on the bonds is not accepted by the Board that the State Supreme Court would be required to take jurisdiction.

Regent Little moved that the Board recess until 7:00 p.m. on Friday, March 30, 1979, and that all bidders be given the opportunity to resubmit sealed bids to be opened at that time and that there be no further negotiation with the bidders. The following voted yes on the motion: Regents Bailey, Bell, Replogle, Engleman, Little, and Mitchell. The Chair declared the motion unanimously approved. It was agreed that the balance of the items on the agenda for this special meeting will be considered at the reconvened meeting on March 30.

The meeting recessed at 8:25 p.m. Mrs. James announced the reconvened meeting on March 30 would be held in the same location: the auditorium of the Health Sciences Library on the Oklahoma City Campus.

March 29-30, 1979

15459

The meeting reconvened on Friday, March 30, 1979 at 7:10 p.m. in the auditorium of the Health Sciences Library.

The following were present: Regent K. D. Bailey, President of the Board, presiding; Regents Richard A. Bell, Dee A. Replogle, Jr., Dan Little, and Bob G. Mitchell, M.D.

Absent: Regents Charles E. Engleman and Ronald H. White, M.D.

The following were also present: Provost William G. Thurman and Mrs. Barbara H. James.

Regent Bailey asked Mr. Lewis to make a brief statement and to clarify any questions that might remain about the bidding process.

Mr. Lewis said in line with the instructions last night, Leo Oppenheim & Co. prepared an addendum to the Official Notice of Sale and Preliminary Official Statement pertaining to the \$7,060,000 Utility System Revenue Bonds, Series 1979, and this morning contacted all five bidders indicating new bids would be accepted at 7:00 p.m. this evening. Mr. Lewis said he discussed this personally with the three New York bidders and read the addendum to them over the telephone and later telecopied an addendum to them. He said all three New York bidders indicated interest in bidding on the project, but due to the fact that they cannot reoffer the bonds based on the Official Statement and the bonds cannot be added to their portfolio, at this late date they are not in a position to submit another bid. Mr. Lewis said he made a record of the individuals to whom he talked and the times and other details of the telephone conversations.

He then asked Mr. Rod Durrell, also of Leo Oppenheim & Co., to explain the ground rules and summarize what was in the addendum.

Mr. Durrell said that based on the discussions at the special meeting last night, he tried to recap the conditions under which the bids would be received this evening, and the major items are as follows: (1) the bids will be fixed bids; there will not be a floating interest rate; (2) bids are subject to the validation suit; (3) the award tonight will be without renegotiation - the bids will be accepted and either awarded or rejected; (4) the University has not authorized the reoffering of the bonds under the Preliminary Official Statement because of the uncertainties and many variations that surround the validation suit and the fact that those are not discussed in the Preliminary Official Statement; (5) the bids will be in accordance with the Official Notice of Sale and the Preliminary Official Statement, the official bid form, and the addendum to the Preliminary Official Statement that was sent out today. To do that, we would have two changes in the bid form that would be interlineated as follows: (a) the date of receiving of the bid would be changed to March 30, 1979; (b) if accepted, the bid would be accepted on March 30, 1979; (c) in line three of the bid form the words "and the addendum thereto" would be added between "Statement" and "we".

Mr. Durrell said a spokesman for the group who was the low bidder at the opening of the bids at 10:00 a.m. on March 29, 1979 had asked permission to make a statement to the Board. Mr. Monty Butts of the Bank of Oklahoma, N.A., was introduced. Mr. Butts made the following statement:

"The First National Bank and Trust Company of Tulsa, as account manager, stands solely on its bid duly offered and submitted in full compliance with the Official Notice of Sale for these utility revenue bonds. We will not submit any further bid or agree to rebid on such bonds. We specifically advise the Board that our existing bid of 6.024681% is our only bid and further expressly state that pursuant to advice of counsel, we will resell such bonds with any and all disclosures that we deem necessary and appropriate concerning the potential problem asserted by the Attorney General. It is our position that the Board is not authorized to impose an absolute condition on the purchaser prohibiting resale of the bonds. As specifically stated on page (iii) of the Official Notice of Sale and Preliminary Official Statement under paragraph 'AWARD OF BONDS, COMPUTATION OF INTEREST COSTS AND RIGHT OF REJECTION', if any award is made it "...will be made to the bidder complying with this Official Notice of Sale and Offering to Purchase the bonds at the lowest net interest costs to the Board of Regents..." According to page (i) of the Official Notice of Sale, sealed bids were required to have been received by the Board of Regents by March 29, 1979, at 10:00 a.m. Our bid fully complies with such conditions and is the lowest bid legally and validly submitted to the Board of Regents.

"We specifically and expressly object to and protest any reopening or resubmission of bids, since the same is in direct contravention of the Board's Official Notice of Sale. Accordingly, it is our position that any award must be in compliance with the Board's Official Notice of Sale and that our bid of 6.024681% submitted in accordance therewith was and remains unquestionably the lowest bid. We specifically note our objection on the record to any rebidding or reopening of bids on the grounds that the same is totally invalid and void pursuant to the Official Notice of Sale."

In response to questions, Mr. Butts indicated they submitted the bid yesterday evening based on points because it was their understanding from bond counsel and bond adviser that they could not reoffer the bonds.

Mr. Bush said they can reoffer the bonds as long as they make full disclosure. He said it was his intention to indicate they could not reoffer the bonds based on the original official statement, and the Regents did not intend to make any amendments to the official statement so that they could reoffer. Any reoffering, he said, would have to be at their own risk. Mr. Bush said that he can understand that there could be a misunderstanding of the communication.

Mr. Butts reiterated his position that the bid submitted at 10:00 on March 29 was never rejected, and he said they wish to stand on that bid. Mr. Butts stated again it is their position that any other bids submitted are invalid.

Regent Little moved that the bids received at 7:00 p.m. in March 30, 1979, be opened. The following voted yes on the motion: Regents Bailey, Replogle, Little, and Mitchell. Regent Bell abstained. The Chair declared the motion carried.

Mr. Butts asked that it be noted for the record that they object to and protest any bid reopening or resubmission of bids.

A lengthy discussion followed of whether the bids received at 10:00 a.m. March 29 and at the special meeting last night should be rejected before any opening of new bids.

Mr. Gary Baker indicated on the behalf of The First National Bank and Trust Company of Tulsa that they would object to any rejection of bids as inappropriate and invalid and that this would be in opposition to the statement where it indicates we would take the lowest bid submitted in accordance with procedures spelled out in the statement.

Regent Little commented that he thought it was generally agreed by everybody concerned last night as to how we would proceed, and it appears now that one of those who it appeared had agreed to the procedure last night has asked that a change be made.

Regent Replogle called attention to provisions in the official statement that indicate the Regents have the right, to the extent not prohibited by law, to reject any or all proposals and to waive any irregularities or informality in the bid. Regent Replogle said he believes the Regents are acting within their rights to reject bids. He commented also that he can understand the position of the First National Bank of Tulsa, but the Regents are interested in obtaining the lowest bid possible for the University of Oklahoma.

During further discussion about rejecting the bids that were received on March 29, Mr. Bush stated the Regents legally can sell the bonds in any way they wish. Legally they do not have to reject the bids because those simply were offers made and not accepted.

Regent Bailey moved that the Board stand on the motion made the previous night. The following voted yes on the motion: Regents Bailey, Replogle, Little, and Mitchell. Regent Bell abstained. Regent Bailey declared the motion carried.

Regent Little moved the bids be opened. The following voted yes on the motion: Regents Bailey, Replogle, Little, and Mitchell. Regent Bell abstained. Regent Bailey declared the motion carried.

The Executive Secretary opened and read aloud the following bids:

BIDDERAVERAGE NET INTEREST RATE

First National Bank and
Trust Company of Oklahoma City
and Woolsey & Co., Inc.

5.988423%

The First National Bank and Trust Company of Tulsa, as account manager, stands solely on its bid duly offered and submitted in full compliance with the official notice of sale for these utility revenue bonds. We will not submit any further bid or agree to rebid on such bonds. We specifically advise the Board that our existing bid of 6.024681% is our only bid and further expressly state that pursuant to advice of counsel, we will resell such bonds with any and all disclosures that we deem necessary and appropriate concerning the potential problem asserted by the Attorney General. It is our position that the Board is not authorized to impose an absolute condition on the purchaser prohibiting resale of the bonds. As specifically stated on page (iii) of the Official Notice of Sale and Preliminary Official Statement under paragraph "AWARD OF BONDS, COMPUTATION OF INTEREST COSTS AND RIGHT OF REJECTION", if any award is made it "...will be made to the bidder complying with this Official Notice of Sale and Offering to Purchase the bonds at the lowest net interest costs to the Board of Regents..." According to page (i) of the Official Notice of Sale, sealed bids were required to have been received by the Board of Regents by March 29, 1979, at 10:00 a.m. Our bid fully complies with such conditions and is the lowest bid legally and validly submitted to the Board of Regents.

We specifically and expressly object to and protest any reopening or resubmission of bids, since the same is in direct contravention of the Board's Official Notice of Sale. Accordingly, it is our position that any award must be in compliance with the Board's Official Notice of Sale and that our bid of 6.024681% submitted in accordance therewith was and remains unquestionably the lowest bid. We specifically note our objection on the record to any rebidding or reopening of bids on the grounds that the same is totally invalid and void pursuant to the Official Notice of Sale.

THE FIRST NATIONAL BANK AND
TRUST COMPANY OF TULSA

By /s/ J. David Jensen
For the managers

Regent Mitchell moved the Board accept the bid of The First National Bank and Trust Company of Oklahoma City, and Woolsey & Co., Inc. in the amount of 5.988423%.

Mr. Gary Baker, representing The First National Bank and Trust Company of Tulsa, asked that the record show that they object to the acceptance of this bid for the reason that the Board has failed to follow their procedure as set forth in the notice with respect to sealed bids.

Regent Bailey called for the vote on the motion. The following voted yes: Regents Bailey, Replogle, Little, and Mitchell. Regent Bell voted no. The Chair declared the motion carried.

The following further actions were taken regarding the issuance of the bonds:

The Transcript of Proceedings, including the Official Statement, as amended, and all resolutions and actions of the Regents is attached hereto as a part of these minutes.

Coronary Care Unit Project

As a result of funding difficulties, the University Hospital and Clinics will be unable to proceed with the construction of a Coronary Care Unit in the Hospital as previously committed during the recruitment of several cardiologists. Because the Coronary Care Unit was an important factor in the recruiting of these noted faculty members, and because this unit has significant educational value, the University of Oklahoma has agreed to construct the Coronary Care Unit provided the Hospital reimburses the University over a 12-month period.

The scope of the Coronary Care Unit project:

- a. Approximately 5,000 square feet of area located within University Hospital and Clinics is to be renovated to accommodate the six private coronary care rooms, a special procedures room, the monitor and control areas, and related storage. The utility and functional support systems will also be reworked relative to the Coronary Care Unit demands. The construction cost estimate established by the project architect is \$220,000.
- b. The Coronary Care monitoring system to serve these rooms and six additional rooms located immediately adjacent to the Coronary Care Unit is proposed as the primary equipment item. Other movable specialty equipment items are included to complete the unit to a basic level of service and educational operations. The total equipment cost estimate has been established at \$130,000 with monitoring equipment making up over \$110,000 of this total estimate.

The contract of project participation between the University of Oklahoma and University Hospital and Clinics is currently being developed. Construction bids will be presented at the April 12 meeting of the University of Oklahoma Board of Regents.

Funds are available from private sources or from Special Agency accounts.

President Banowsky recommended that the University join with University Hospital and Clinics in a project participation agreement to develop the Coronary Care Unit project. This agreement shall limit the project to a total cost of \$350,000 and provide for reimbursement to the University of Oklahoma by University Hospital and Clinics over a 12-month period, beginning September 1, 1979.

Regent Replogle moved approval of the recommendation. The following voted yes on the motion: Regents Bailey, Bell, Replogle, Little, and Mitchell. The Chair declared the motion unanimously approved.

Purchase of Land - Oklahoma City Campus

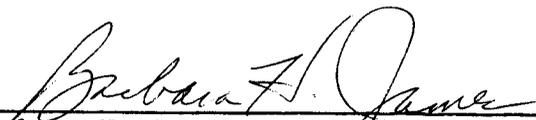
The long-range plans for the University of Oklahoma call for the utilization of the four-block area of land bounded by N. E. 10th Street, Lincoln Boulevard, N. E. 8th Street, and Phillips Avenue. The Commissioners of Oklahoma City Urban Renewal Authority registered their favorable reaction to the University's purchase of the land on December 21, 1977. Final approval by the Commissioners was withheld until the University of Oklahoma Regents approved the Parking Revenue Bond Issue. Final approval by OCURA was granted for the sale on February 22, 1978.

Entering into a contract for the sale and the transfer of deed has been delayed pending resolution of a request by OCURA staff for detailed plans and specifications for the University's development of this land. The University Administration, although willing to commit to general development plans and schedules, has been reluctant to commit to detailed plans and specifications as a requirement for purchase. OCURA has now agreed to finalize the sale without detailed plans and specifications. The purchase price is \$132,986. Funds for this purchase are available in the Parking Auxiliary account.

President Banowsky recommended that the purchase of the above-referenced land be approved, and that payment for the land and deed transfer be accomplished within 30 days.

Regent Replogle moved approval of the recommendation. The following voted yes on the motion: Regents Bailey, Bell, Replogle, Little, and Mitchell. The Chair declared the motion unanimously approved.

There being no further business, the meeting adjourned at 7:45 p.m.



Barbara H. James
Executive Secretary of the Board of Regents