

MINUTES OF A SPECIAL MEETING
THE UNIVERSITY OF OKLAHOMA BOARD OF REGENTS
SEPTEMBER 23, 1985

A special meeting of the Board of Regents of The University of Oklahoma was held in Seminar Room C-3 in the Forum Building at the Oklahoma Center for Continuing Education on the Norman Campus of the University on Monday, September 23, 1985 beginning at 9:58 a.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 Regents were present: Regent Julian J. Rothbaum, Chairman of the Board presiding; Regents Tom McCurdy, John M. Imel, Thomas Elwood Kemp, Charles F. Sarratt, Ronald H. White, M.D., and Sarah C. Hogan.

Also present were President Frank E. Horton, Barbara H. Tuttle, Executive Secretary of the Board of Regents, and Stanley M. Ward, Chief Legal Counsel.

Regent Rothbaum called attention to the fact that this is the first meeting for President Horton and also for Mrs. Dan Hogan, III, who was appointed by Governor Nigh on September 18 to replace Dan Little. Regent Rothbaum welcomed President Horton and Mrs. Hogan.

President Horton reported on his activities over the last ten days including visits with faculty, staff, students, Chancellor Leone, and to various facilities on both campuses of the University. He commented he will be visiting all of the facilities on the campuses as he has time. He said he has about 30 to 40 speaking engagements scheduled over the next couple of months and he will be meeting with the newspaper editorial boards in Oklahoma City and Tulsa and other areas as needed. The Inauguration, he announced, has been scheduled for October 24, and he hopes all Regents will be able to attend.

President Horton reported receipt of a request from officials of the University of Southern California with regard to the verbal agreement between OU and USC to play home and home football games in 1987 and 1988. He said USC has requested cancellation of this verbal agreement because of scheduling conflicts in the Pac 10 and their desire to play the University of California at Berkeley. Dr. Horton said the Athletic Department is supportive of allowing this change. Dr. Horton said he believes we should concur in the request submitted by the University of Southern California. The coach and the Athletic Department see no reason not to acquiesce to their request, if we have a suitable replacement. He suggested if the Board approves the request of USC, the staff will begin checking with other schools to see who could be scheduled on these dates in 1987 and 1988.

Regent Imel commented on the background of the games with USC. He expressed the opinion it will be difficult to find satisfactory replacements at this date. When this was mentioned one time recently, the University of Texas at El Paso was the only one mentioned as a possibility. Regent Imel said he believes this series with USC has been a good one for both schools and since they are not scheduled anytime during the 1990's, he thinks we should continue the games, and go back to USC and ask them to stay with us.

Regent Sarratt also expressed concerns about a change.

This matter was discussed at some length, following which President Horton suggested the administration will look at alternative teams that might be available and come back with that information to the Regents. It was agreed action on this matter would be postponed until the October meeting.

President Horton reminded the Regents that the game with the University of Missouri on November 9 is scheduled to be televised as part of the Big Eight package. Currently the beginning time for the game is set for 11:40 a.m.; however, ESPN has requested permission to televise the game and The University of Missouri has formally requested a change in the beginning time to 7:00 p.m. Coach Switzer and the Athletic Department have indicated their agreement to change, particularly in view of the fact that the revenue to the Athletic Department would be \$85,000 rather than \$15,000 under the Big Eight package. President Horton recommended approval of this change.

This matter was discussed briefly, following which Regent Rothbaum moved the Board agree to this change. The following voted yes on the motion: Regents Rothbaum, McCurdy, Imel, Kemp, Sarratt, White, and Hogan. The Chair declared the motion unanimously approved.

Regent Rothbaum said the next item is proposed title and additional duties for Stan Ward and he suggested the Board might want to go into executive session for the discussion.

Beth Powell, reporter with The Daily Oklahoman, objected to the Board meeting in executive session. She said she does not think the agenda clearly indicates what is to be discussed.

Regent McCurdy moved the Board meet in executive session for the purpose of discussing personnel. The following voted yes on the motion: Regents Rothbaum, McCurdy, Imel, Kemp, Sarratt, White, and Hogan. The Chair declared the motion unanimously approved.

The Regents met in executive session with President Horton and Mrs. Tuttle from 10:15 a.m. until 11:00 a.m., at which time the Regents returned to regular session.

Regent Rothbaum announced no action was required as a result of the executive session.

Regent White moved the Board again meet in executive session to discuss additional personnel matters. The following voted yes on the motion: Regents Rothbaum, McCurdy, Kemp, Sarratt, White, and Hogan. The Chair declared the motion unanimously approved. (Regent Imel was out of the room at the time this vote was taken.)

Beth Powell again objected to the executive session.

Based on advice of Legal Counsel, Regent White withdrew his motion and it was agreed the Board would not meet further in executive session.

President Horton said he has had an opportunity to review the Management Study that was conducted by Coopers & Lybrand last spring and summer, and for initial discussions he would like to divide the study into five major areas. He said he recognizes there is not enough time today to go into a discussion of all the matters included in the study but he proposed a discussion as follows:

1. Internal Auditing
2. University Administration
3. Budget Planning
4. Long-Term Planning
5. Regents' Organization and Information

Dr. Horton said he has been reviewing the institutional policies with regard to internal auditing. As a result of that review, though he has no specific recommendations for changes in policies at this time, he will be developing some recommendations for the future. Overall his review of the Management Study, the additional information obtained from other institutions, and from his own personal knowledge of how internal auditing is handled at other institutions, he would propose, as the Management Study recommends, that the Internal Auditor continue to report to the President. He does believe, however, that with proper policy formulation the Internal Auditor should have the opportunity to meet with the Board - he suggested a dashed (or dotted) line to the Board of Regents so that when the Internal Auditor feels information of importance to the Regents and to the institution has not been brought forward by the President, he/she can bring it directly to the Board. He believes a policy statement along those lines needs to be developed. He believes the Board needs to have assurances that the President can be overridden if the President has not presented proper information to the Board about significant risk areas. He said there is no question about the fact that there should be an information flow to the Regents about audits, where audits are significant. On the other hand, there are many audits that are very routine and he doubts that the Board should be bothered with those documents. However, in those cases where the President deems it significant and/or the Internal Auditor deems it significant, those should come forward to the Board.

During the discussion of this item, Regents also mentioned their feeling that the Board needs a Financial Analyst and the need for an analysis of information that is sent to them. Dr. Horton said he believes the appropriate data should be provided by the institution. He does not believe the study suggests developing a completely separate financial base. A financial analyst,

if employed, would still be dependent on people inside the institution for the information. He expressed the desire to discuss with the Board the kinds of information the Board needs, the type of data, and the format, etc. He suggested there are three areas in terms of long-range planning that need to be reviewed: physical planning, budget planning, and academic program planning, and the Regents should be involved.

Dr. Horton said that he thinks within 60 to 90 days he can put together a budget planning document and discuss with the Regents the kinds of information required. The same can be done with the physical planning and academic planning.

In discussions of the audit function and in response to questions from the Regents, Dr. Horton indicated his agreement that Presidential funds are subject to audit. There was some discussion that these might be set for audit at regular periods so there would be no question about when they were to be audited.

The meeting recessed for lunch at 11:35 a.m. and reconvened in the same location at 1:43 p.m.

There was further brief discussion regarding the internal audit functions. Dr. Horton indicated he will come back to the Board, probably at the October or November meeting, with appropriate policy statements and changes for consideration by the Board along the lines discussed.

The next item to be discussed with regard to the Management Study was University administration. Dr. Horton called attention to the following three major issues that were included in the Management Study with regard to administration:

1. That the institution move to a more formal administrative structure with a University-wide President and staff, and chief operating officers responsible for operations on each campus.
2. That a chief operating officer be established on the Norman Campus corresponding to the position of Provost of the Health Sciences Center.
3. That either an Executive Assistant to the President or a Vice President for Executive Affairs be re-established to advise and assist the President in the internal management of the University.

Dr. Horton said in reviewing the administrative structure of the University, he believes the Provost position on the Norman Campus as currently set up is satisfactory. He believes it is important that the executive officers report directly to the President and not have somebody between himself and the

executive officers, at least in the short run. He does not see any overall changes in the administration with the possible exception of the appointment of an Executive Assistant. If such a position is added, he said, it will have staff responsibilities to him rather than line responsibilities. This matter was discussed briefly.

Dr. Horton commented on the following five primary recommendations in the Management Study with regard to budget planning.

1. Consideration should be given to establishing a University-wide budget, planning, and analytic staff in the President's office.
2. Consideration should be given to developing a rolling long-term budget.
3. That budget decisions be made within the context of the University's goals and that serious budget deliberations begin much earlier in the budget cycle.
4. That the present annual budget cycle be strengthened and that the University create a system for strategic planning and budgeting within the framework of agreed-upon long-term objectives.
5. That the Regents' contribution to the development of the annual operating budget start earlier in the cycle and that the Regents receive regular reports on the development of the budget including a comprehensive report and presentation in mid-to-late spring.

Dr. Horton said he has already requested Vice President Elbert and Vice Provost Smith to put together the external requirements for budgeting on an annual cycle. He believes that rather than hiring additional staff at additional cost to assist the President's office, he would like to put together a budget planning group composed of the two Provosts, the Vice President for Administrative Affairs on the Norman Campus, and the Vice Provost for Administration and Finance at the Health Sciences Center, and Jerry Farley to work on the kinds of issues envisioned by the Management Study of the whole budget planning area. They would look at the processes, various recommendations that are received, assist Dr. Horton in developing a long-range budget, and assist in developing processes on both campuses. This group would focus on process and they would work with Dr. Horton on a continuing basis in the future. Other campus constituencies would be involved in the process.

Dr. Horton said these primary budget officers need to have the additional responsibilities for long-range budget planning along with their short-term budget responsibilities. It probably would cost \$100,000 to \$200,000 to set up a separate budget and planning staff for his office and he believes the current officers should be involved in the planning process.

Dr. Horton said the establishment of this budget planning group will become his recommendation unless the Regents have comments to the contrary. He said he will come back and explain the process once it is developed and this will take 60 to 90 days. Dr. Horton indicated this group will work out a process so that the same information is provided for each campus and so that all constituencies will know when items will come forward each year. He commented during the discussion that we can control the inside but not the outside; that there are some decisions made outside the University that affect the University and must be responded to quickly and appropriately.

Long-Term Planning. Dr. Horton said he has already commented on the three areas in which he plans to develop long-term planning - physical plant, budget, and academic programs. He said each requires a different process and a different method. He said they can go on in parallel, however, and he plans to set in place these processes. He said he already has people putting together information on how to proceed on physical planning on each campus; there will be similar plans for academic programs on each campus. Dr. Horton said he does not see any particular problem in initiating any of these processes. There are a number of models across the country that can be drawn on and these can be put in place rather rapidly. The problem is how to communicate effectively and he believes this is very important. He believes it is important to get information to the Regents on where the institution is headed and how we are going to get there. He said both Provosts will be intimately involved in the planning effort.

During the discussion of this matter, Regent White referred to the general education requirements. He asked that a report be presented to the Regents at the October or November meeting to bring the Regents up-to-date on this planning.

During the discussion of the long-term planning, Dr. Horton referred to a Management Study recommendation "That the Regents develop an annual cycle of special topics related to long-term policy and/or planning issues with one such topic to be discussed each month and with the Regents having the opportunity to select a topic quarterly". Dr. Horton said he agrees with this recommendation and when the Board has a retreat he will have an opportunity to discuss some special topics at that time.

Regent White asked about the Management Study comment that the President's office is undersized and underfunded. He suggested Dr. Horton determine what he needs and have the Board review that. Dr. Horton said he will be looking at staffing patterns. At this time he believes there are sufficient funds in the budget to cover what he has discussed today and if there are any changes to be made, they will be handled in the regular manner.

Regent McCurdy retired from the meeting.

Regents' Organization and Information. There was a discussion of the Management Study recommendation that the Board of Regents seek a definitive opinion on its legal authority to use committees. Regent Kemp said his opinion is that no Regent, including the Chairman of the Board, has the authority to assign other Regents to committees; all members of the Board are autonomous and the Chairman cannot restrict Regents. He believes the Board can have committees but that all members of the committee should be volunteer. Regent Kemp does not believe the Board can give the Chairman of the Board the authority to appoint committees.

Following further discussion, Regent White moved the Attorney General be asked for an opinion regarding whether the Board can have committees and if it can, who can appoint the committees. The following voted yes on the motion: Regents Rothbaum, Imel, White, and Hogan. Regents Sarratt and Kemp voted no. The Chair declared the motion approved. Chief Legal Counsel Stanley Ward was asked to prepare the letter requesting the Attorney General's opinion and send a copy to all Regents.

President Horton reminded the Regents that the Management Study recommends the Executive Secretary be authorized to require that written agenda items be prepared according to a standard format. He doesn't see any problem with this and he will proceed. It is just a question of developing a format that everyone is comfortable with.

Dr. Horton referred to the Management Study recommendation that a Regents' Handbook (Fact Book) be developed to serve as an easily accessible reference tool for members of the Board. He said there is already a document that has been used for Regents' orientations in the past. This document will be reviewed and improved and an outline on what should be included in a Regents' handbook will be submitted to the Board. This would be used as a beginning point - build on that and update data each year.

Dr. Horton called attention to the following recommendations in the Management Study:

1. That the Regents and administration examine the nature of the Board's decisions, interests, and concerns, and identify essential relevant information that Regents need.
2. Financial and management information should be better analyzed and presented in concise summaries; that an appropriate form for providing this information be developed.

3. The Regents should receive monthly financial summaries and a monthly President's report highlighting major changes, internal and external, to the University.
4. The Regents should receive clear and comprehensive information regarding the availability of funds from sources such as practice plan income and funds held by the Foundation, including a description of relevant restrictions.

Dr. Horton said these recommendations are all rather straightforward and can be followed. He said he will need to have further discussions with the Regents about how they feel these best can be presented. He said he will come up with an initial set of recommendations and get input from the Regents about how these can be handled.

There was a brief discussion regarding the Management Study recommendation that the Regents review all procurement actions over \$100,000 (rather than \$35,000 as it is at the present time), and that any procurement action over \$50,000 where the award was not made to the lowest bidder or where specifications were not fully met or both, be presented for Regents' action. Dr. Horton said he disagrees with this in that he believes that any time the University is not going to accept a low bid the matter should come before the Board for review. He does believe the dollar level where procurement items must come before the Board can be increased.

Regent White suggested some summaries of total funds involved in various areas of the agenda each month would be helpful. This was discussed and it was agreed that a summary of some type will be provided for the October meeting and there will be a discussion regarding whether the information presented is in an appropriate form.

Regent Imel commented on the statements in the Management Study regarding professional staff - a financial analyst for the Regents. Regent Imel said he feels the Board has not been getting information as quickly and as well as he would like to see. He would like to see the Board employ a financial analyst - someone who can give advice and assistance to the Board, and provide summaries of much of the financial information.

Regent Rothbaum called attention to the disadvantages of the system mentioned by the Management Study. He said this will cost money and it could be divisive. He said he would like for the Board to give the President the opportunity to see whether he can answer the problems the Board has with his ideas of management rather than going into the employment of professional staff at this time.

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Dr. Horton said he believes he can get proper information to the Board with the Board's assistance by indicating what they need and what information is helpful.

It was generally agreed that the discussion of the Management Study is not complete and that it should be reviewed again in the next few months.

The meeting adjourned at 3:00 p.m.

Barbara H. Tuttle
Executive Secretary of the Board of Regents