

MINUTES OF A SPECIAL MEETING
THE UNIVERSITY OF OKLAHOMA BOARD OF REGENTS
NOVEMBER 25, 1985

A special meeting of the Board of Regents of The University of Oklahoma was held at the Faculty House on the Oklahoma City Campus on Monday, November 25, 1985, beginning at 9:20 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 Thomas Elwood Kemp, Charles F. Sarratt, Ronald H. White, M.D., and Sarah C. Hogan.

Absent: Regents Tom McCurdy and John M. Imel.

Regent Rothbaum read a statement from Regent McCurdy expressing his regret at not being able to attend this meeting because of emergency surgery on his daughter, Candy, this morning. Regent McCurdy extended his support to President Horton and the Board of Regents and his congratulations to Governor Nigh and the Hitachi Corporation for this important step forward for the Oklahoma economy.

Also present were: President Frank E. Horton, Vice President Arthur J. Elbert, and Barbara H. Tuttle, Executive Secretary of the Board of Regents, and others.

The meeting was called for the purpose of considering the sale of certain property belonging to the University.

SALE OF PROPERTY

President Horton said the University administration has had discussions with a major corporation regarding the location of a new high technology plant on University-owned land. The proposed site is an approximately 68-acre tract commonly known as the Noble Flying Field located southeast of campus. It is bordered on the south by Highway 9 and on the north by Imhoff Road and is not contiguous to the campus. The property is generally described as a 68-acre tract of land located in the North one-half (1/2) of Section 9 and in the West one-half (1/2) of the West one-half (1/2) of the Northwest Quarter of Section 10, Township 8 North, Range 2 West of the Indian Meridian, Cleveland County, a part of the remaining 72.81 acres of Noble Flying Field, which is described as follows:

Tract 1 - Residual of Section 9, T8N, R2W - Cleveland County

A part of the N1/2 of Section 9, T8N, R2W of the I.M. and more particularly described as follows:

Beginning at the northeast corner of said Section 9: thence S00°01'14"E along the east line of said Section 9 a distance of 352.50 feet to the north right-of-way line of State Highway No. 9; thence southwesterly along said right-of-way line on a curve to the left having a radius of 10,808 feet a distance of 1018.9 feet; thence S79°49'W continuing along said right-of-way line a distance of 128.4 feet; thence southwesterly continuing along said right-of-way line on a curve to the left having a radius of 10,833 feet, a distance of 1051 feet; thence S73°44'W continuing along said right-of-way line a distance of 263.7 feet; thence S62°25'W continuing along said right-of-way line a distance of 197.5 feet; thence westerly continuing along said right-of-way line on a curve to the right having a radius of 1205.5 feet a distance of 624.5 feet; thence N84°07'W continuing along said right-of-way line a distance of 219.0 feet; thence north a distance of 1317.5 feet to a point on the north line of said Section 9; thence east along said north line a distance of 3302.5 feet to the point of beginning.
Containing 68.95 acres more or less.

Tract 2 - Residual of Section 10, T8N, R2W - Cleveland County

A part of the W1/2W1/2NW1/4 of Section 10, T8N, R2W of the I.M. and more particularly described as follows:

Beginning at the northwest corner of said W1/2W1/2NW1/4; thence S89°42'04"E along the north line of said W1/2W1/2NW1/4 a distance of 657.89 feet to the northeast corner of said W1/2W1/2NW1/4; thence S00°05'04"W along the east line of said W1/2W1/2NW1/4 a distance of 176.16 feet to a point on the north right-of-way line of State Highway No. 9; thence southwesterly along said right-of-way line on a curve to the left having a radius of 10,818 feet a distance of 677.41 feet to a point on the west line of said W1/2W1/2NW1/4; thence N00°01'14"W along said west line a distance of 342.11 feet to the point of beginning.
Containing 3.86 acres more or less.

The property was deeded by Quit Claim Deed to the University by the War Assets Administration, as was the North Campus. It is subject to all of the restrictions covering North Campus, particularly the requirements that all proceeds from the sale of the land accrue to Max Westheimer Airpark, and the sale is subject to the approval of the Federal Aviation Administration.

President Horton said the University has no other plans for the land. The sale of the property does not include the mineral rights and is subject to the terms of existing easement and agricultural lease agreements.

President Horton recommended the Board of Regents approve the sale of the approximately 68 acres described above for \$14,000 per acre, and give the President or his designee the authority to negotiate the details of a final contract with Hitachi Ltd.

President Horton said that in the discussions with Hitachi Ltd., Vice President Elbert has been very, very helpful. Dr. Horton said he believes this is an important step forward in terms of an association between the University and the private sector and that it can have a long-term meaningful impact on the University as well as an economic impact on the State of Oklahoma. He said the opportunities for interrelationships in the area of research and development and faculty interchange are exceptional. He called attention to the fact that Hitachi has announced the formation of a \$20 million foundation in support of educational activities throughout the United States. Dr. Horton said President Mita of Hitachi has seen the site personally and that he is looking forward to having Hitachi Ltd. in the State of Oklahoma.

Regent Kemp: I want to make a statement, Julian. I don't like to be contrary but I fully believe in the checks and balance system we have got in this country and I believe in following the law, whether it's the Open Meeting Law or what it is. I believe in following rules of procedure. I have never seen anybody really get into trouble yet by following the law and following the rules. We seem to have a habit of trying to skirt it all the time. And what I want to know, gentlemen, is how come the Regents are the last to know about this deal. It was first brought to my attention and told if this got out Hitachi would back out. It's been out a week--have they backed out? Now what I would like to know, Barbara, when did you first find out about this deal?

Mrs. Tuttle: I'm not sure, not too long ago.

Regent Kemp: Well, what do you call too long ago--it's important now. I am asking a fair question. You're the Secretary of the Board and you've got some idea when you knew this deal was brewing or when it was going on.

Mrs. Tuttle: Well, maybe a month ago, maybe not that long ago.

Regent Kemp: How about you, Julian. When did you find out about it?

Regent Rothbaum: Well, three weeks I guess.

Regent Kemp: Please try to be specific about it. I have a particular purpose in mind. These things are important I think. I'm just reiterating, I'm not being facetious. It's important because I feel like we were totally left out and, as I say, well who said this was to be secret. Who told you, Mr. President, that the Regents shouldn't know about this? Or did you make that decision?

Regent Rothbaum: In explanation, I think Art Elbert was sworn to secrecy. Art, would you like to comment on that?

Vice President Elbert: I think the answer to the question is that the Hitachi people who came here requested total secrecy.

Regent Kemp: Well what do you call total secrecy. That just meant you?

Vice President Elbert: As far as I know, there were three people who knew about it. President Horton, John Sexton, and myself.

Regent Kemp: Of course Barbara says she knew it a month now and you knew it three weeks or a month and...who made the decision that the Board of Regents shouldn't be informed of this from the beginning?

President Horton: I'll take full responsibility for the actions of any of the staff of the University and our discussions....

Regent Kemp: Somebody had to make the decision that said don't inform the Board of Regents.

President Horton: I want to take full responsibility.

Regent Kemp: I don't want that, that's military talk. I want to know who told them not to tell the Board of Regents.

President Horton: When I say I want to take full responsibility, I mean that in every sense of the word. Our earliest discussions, and there was nothing that would indicate what the resolution of the initial discussions would be, up until about three and a half or four weeks ago when the Hitachi Board met and indicated they were interested in this piece of property.

Regent Kemp: How long ago?

President Horton: Three to four weeks ago. I believe it was in my letter to you and I don't have that letter in front of me.

Regent Kemp: Well I got that last Thursday morning. Mailed out on Wednesday.

President Horton: I indicated to Julian....

Regent Sarratt: Here's the first....

Regent Kemp: Yeah, it's more than three weeks ago.

President Horton: Well, that's the first contact, was in August.

Regent Kemp: Well, that's what I'm talking about. On September 23, 1985 the University was contacted. Tell me about the contact. Who contacted who? You?

President Horton: No, they did not call me. They called, I believe at that time, Art, it was....

Vice President Elbert: On September 23 they contacted John Sexton.

Regent Kemp: And who is he again?

Vice President Elbert: John Sexton. He's our Director of Real Estate. They called him and said, we'd like to look around Norman. And he took them around Norman. I didn't know about it at that point either. Only John knew about it. He told me that he was sworn to secrecy and that he was going to be taking some people around to look at some property in Norman. That's what he told me on the 23rd. Then they came in early October, I don't remember the exact dates. They are on that sheet and I met them at that time.

Regent Kemp: How can we swear to secrecy to some foreign group of people when we're working for The University of Oklahoma. I think you are swearing to secrecy clear outside the realm of what you're supposed to. People can't come in here and get you to swear to secrecy not to tell your Board of Regents surely.

President Horton: I guess it's a matter of terminology. In my point of view it was a matter of trying to keep it confidential. It wasn't clear where we were going to go with this situation.

Regent Rothbaum: Elwood, I think it was also a question of they didn't want to lose this opportunity.

Regent Kemp: Who didn't want to lose it?

Regent Rothbaum: The University, the State of Oklahoma, the Governor of the State.

Regent Kemp: Let me get my point and I will make it more clearly at our retreat. The governing board of this University is the Board of Regents, not the Governor, not the State Board, it's the Board of Regents. Maybe the Board don't want to do it for any reason. Did you ever think about that, which is their prerogative. Maybe the Board of Regents would like to lease this for 500 years, at least then they'll get it back. But something, something, I'm sure you understand what I'm saying. I think it was terribly poorly done. I think Art Elbert has done a fine job in carrying through under the circumstances but it's strictly completely outside the realm of the Board of Regents. And it's not fair, Julian, it's not fair.

Regent Rothbaum: Elwood, I think there was an overhanging feeling in dealing with the Hitachi people that if this got out, that if it got out from under control we could lose the possibility....

Regent Kemp: They haven't quit, have they? It's been out and been on every television....

Regent Rothbaum: No, they haven't quit but my guess is they had a lot of opportunities to go to other universities, in fact they point out in this literature that one school had offered them 50 acres free.

Regent Kemp: As I understand from reading this thing you haven't got a deal now. Have you got an offer? Have you got an offer in writing on this deal for \$14,000 or are we just giving an option here to let them have it for \$14,000? Do we have an offer?

Vice President Elbert: There is no written deal. We have an offer that has been approved by the Hitachi Board. There is no reason to think they are not going to go through with it. They will make their earnest payment when we begin negotiations and they will pay in full at the termination of the agreement....

President Horton: If this Board approves it.

Regent Kemp: Of course we are a university. We have one of the finest law schools in the country. And this is so unprofessional, so totally unprofessional. You don't make deals...

Regent Rothbaum: Elwood, this is a complete exception.

Regent Kemp: Only in your mind.

Regent Rothbaum: I have a letter from our attorney who says that our operations in this particular case are an exception. Normally we....

Regent Kemp: Say that again.

President Horton: If this Board doesn't approve the sale today, it will not take place.

Regent Kemp: Of course. It was that way from the start. But the thing of it is you are asking us in 15 minutes to decide on the sale of a large piece of property with very limited information. As I say, you don't have an offer in writing. What we're doing in effect is coming up here and giving them an option to buy for \$14,000...and what are the other details of the final contract. You have a duty, Julian, and a responsibility to look into these things.

Regent Rothbaum: I did look into them. I examined the land, went out with Art.

Regent Kemp: How come we didn't get to do that?

Regent Rothbaum: I don't know.

Regent Kemp: Well, you're the Chairman of the Board.

Regent Rothbaum: You had the right to if you wanted to.

Regent Kemp: We guessed it?

Regent Rothbaum: You knew that it was going on.

Regent Kemp: I did not, Julian.

Regent Rothbaum: Not till we called the meeting?

Regent Kemp: Oh sure I knew it before the meeting. I knew it last week when I was given notice on it. But that was after the deal was made.

Regent Rothbaum: I just went down with Art last week and discussed it with him. And I went to visit Stan Ward. Spent an entire day down there on it. Have a letter from Stan.

Regent White: That was last week, right Julian?

Regent Rothbaum: I'm just saying that I knew about it some time before that.

Regent White: But your visit to the property and the visit with Stan was last week?

Regent Rothbaum: Right. Last week. I wanted to get some legal matters squared away with Stan.

Regent Kemp: What I am saying is....

Regent Rothbaum: Elwood, I don't deny anything that you are saying. Legally, this Board can do anything that it wants, at any time it wants. I can quote you the Statute--it's 3305H, I think, which gives us the entire authority.

Regent Kemp: It gives us a duty, an obligation and a responsibility, Julian. Not the authority. I am not down here looking for authority. We are officers of trust in the State of Oklahoma administration and we have a duty to do this. We don't have just an opportunity to do it.

Regent Rothbaum: I agree with you, Elwood, but we're following that.

Regent Kemp: No, you're not at all.

Regent Rothbaum: It's a matter of opinion. In my opinion we are.

Regent Kemp: It isn't a matter of opinion. Did you tell me--have I talked to you about it before today?

Regent Rothbaum: No.

Regent Kemp: You don't have any duty or responsibility to tell me as a member of the Board?

Regent Rothbaum: You were told by the President.

Regent Kemp: You didn't tell me.

Regent Rothbaum: Elwood, I have never seen a Board president that tells other people.

Regent Kemp: You don't have that authority, Julian, this is an abuse of authority--this is a total abuse of authority.

Regent Rothbaum: Well I don't know what is abuse of authority?

Regent Kemp: Doing something you are not authorized to do.

Regent Rothbaum: What am I doing?

Regent Kemp: Helping to negotiate the deal in secret.

Regent Rothbaum: Oh no, this was not done in secret and it is not abuse of authority. The negotiations with Art Elbert were in secret because we didn't want to lose the contract.

Regent Kemp: We didn't--you mean you didn't.

Regent Rothbaum: I mean the University.

Regent Kemp: Are you speaking for the University?

Regent Rothbaum: I am to that extent, yes sir. I think this is great for the University.

Regent Kemp: You don't have the authority. That isn't the point at all. I don't know whether it is or not.

Regent Rothbaum: I can't compare it to the silicon valley but they had to start someplace. Or I can't compare it to the golden rectangle in North Carolina.

Regent Kemp: I'm going to defer this until we're going to go over and have a full discussion in the retreat.

Regent Rothbaum: That will be fine--I don't object to that.

Regent Kemp: This has got to change. These things are so unnecessary. You guys wanting to do it, wanting to do it. Now let's face the facts, face the facts.

Regent Rothbaum: Elwood I live in Tulsa. I may not ever see....

Regent Kemp: But if you can't serve on the Board I'd get off of the Board. I live in Ada, just as far as you do. And if you don't have the time I'd get off.

Regent Rothbaum: I have plenty of time.

Regent Kemp: But let's take this thing up and do it according to law....

President Horton: If you would like to have my position, you can have it.

Regent Kemp: Well, that's all right with me. That's all right with me. I don't know how any of you--you too, Barbara--can kind of look like I am saying something unreasonable. I am a member of the Board and I take my obligations seriously.

Regent Rothbaum: So do I, Elwood. I take them and I have for 14 years.

Regent Kemp: But you tried to negotiate this deal....

Regent Rothbaum: I didn't try to do a thing.

Regent Kemp: You're telling me you went to see Stan Ward, you talked about this.

Regent Rothbaum: There's his letter, certainly I went to see him. I wanted to have some legal advice.

Regent Kemp: That's doing a thing.

Regent Rothbaum: Well, certainly it's doing a thing. I wanted to know what the law was on certain things and he's our lawyer. Where else would I go?

Regent Kemp: He didn't tell you to keep it from the Board of Regents.

Regent Rothbaum: I missed a lot of class when I was in law school.

Regent Kemp: Now you see when the President of the University....this is total disrespect for the Board of Regents. Why would he get up and leave? You mean to tell me I don't even have any right to talk about this doggone thing?

Regent Rothbaum: Elwood, you have a perfect right to talk about it. You are one of seven Regents and the authority of the Constitution vests the authority in you. But you are only one of seven and you are not all seven.

Regent Kemp: Julian, you are just one also.

Regent Rothbaum: I'm just one but I'm Chairman right now.

Regent Kemp: You have no authority to speak on behalf of the other six, Julian.

Regent Rothbaum: I am not speaking on behalf of the other six. All I am trying to do is conduct the meeting.

Regent Kemp: You are too, you are too.

Regent Rothbaum: Charlie, am I speaking on your behalf? If I am....

Regent White: I think we are dealing with two different situations here today. My feeling is that what Elwood is saying is basically that we have a right to be informed.

Regent Rothbaum: I don't doubt that.

Regent White: So that's one issue we're talking about. The other issue which I see, and I don't want to belittle that at all, I guess that I see us in a situation here where regardless of the play-by-play up to this point that good things can come of this particular proposal that we have and I think our purpose today is to really settle that and then I think the other is an issue that we have to address at a later time and I feel like that regardless of how this came about, that we have ended up negotiating what I consider, and I may be wrong, but a very good deal not only for the University of Oklahoma and the City of Norman but the State of Oklahoma and I feel fortunate to be in a position to vote in favor of this recommendation. And, like I say, I may be wrong but I think we have two issues and that's why....

Regent Rothbaum: We've got to be at the press conference at 10:00.

At the request of Regent Rothbaum, Mr. Marc Fuller, Chairman of the Board of the Norman Chamber of Commerce, commented that on behalf of the Chamber he is excited about the idea of having a plant such as Hitachi in Norman. He said it will help the economic situation there and help develop the east side of Norman. He said the Chamber would appreciate the Regents making this land available to this company.

- Regent White moved approval of the recommendation.

Stating that he is for the development of the economy of Oklahoma 100%, Regent Sarratt asked that the following statements be included in the minutes:

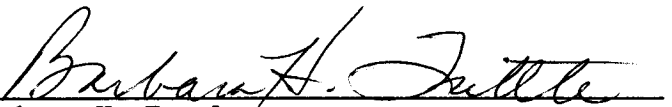
"This agreement to sell land does not send a signal that this approach can be used in the future without prior consent of the majority of the University Regents. Economic development should be our primary goal but should not set a precedent for future deals. I firmly support the general proposition that the Regents should utilize competitive bidding in the sale of this property. It should not be construed as a precedent for any future requests."

- The following voted yes on the motion: Regents Rothbaum, Kemp, Sarratt, White, and Hogan. The Chair declared the motion unanimously approved.

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There being no further business, the meeting was adjourned at 9:50 a.m.



Barbara H. Tuttle
Executive Secretary of the Board of Regents