

MINUTES OF THE SPECIAL MEETING
OF THE
MICHIGAN STATE UNIVERSITY
BOARD OF TRUSTEES

January 10, 2003

President McPherson called the special meeting of the Board of Trustees to order at 9:32 a.m. on Friday, January 10, 2003 in the Board Room of the Administration Building.

Trustees present: Dolores M. Cook, Joel I. Ferguson, Dorothy V. Gonzales, Colleen M. McNamara, Donald W. Nugent, Randall L. Pittman, David L. Porteous, and G. Scott Romney.

University officers present: President McPherson, Provost Simon, Vice President Poston, Secretary Carter, Vice President and General Counsel Noto, Vice Presidents Denbow, June, Webb and Webster, Executive Director Williams, and Senior Advisor and Director Granberry Russell. Faculty Liaisons present: Jonathan Hall, James Potchen, Steven Spees, and Brian Teppen. Student Liaisons present: Jim Ciszewski, Matthew Clayson, Misty Staunton, and Matthew Weingarden.

All actions taken were by unanimous vote of the Trustees present, unless otherwise noted.

1. On a motion by Mr. Romney, supported by Mr. Nugent, **THE BOARD VOTED to approve** the proposed agenda.

2. Public Participation

There were no requests to address the Board of Trustees on issues germane to the agenda or on other issues.

3. The Trustee Policy Committee report and recommendations were presented by Committee Chairperson McNamara.

A. Revision of Board of Trustees Bylaws

It was recommended that Board of Trustees' Bylaw Article 4, paragraphs one and two, entitled Chairperson and Vice Chairperson be replaced in their entirety by the following:

ARTICLE 4 – Officers and Organization of the Board

Chairperson. At the first regularly scheduled meeting of the Board in January immediately following each biennial fall election for Trustee, the members of the Board shall elect a chairperson of the Board. The chairperson's term in office shall be two years and shall expire at the first regularly scheduled meeting in January immediately following the next biennial fall election for Trustee. In the event of a vacancy in the office of

chairperson during the two-year term, at its next meeting after the vacancy occurs the Board shall elect a new chairperson to serve for the remainder of the term. The chairperson shall perform such duties as may be prescribed by law or by the Board.

Vice Chairperson. Immediately after the election of the Board's chairperson, the members of the Board shall elect a vice chairperson of the Board. The vice chairperson shall serve until the election of the next chairperson of the Board. In the event of a vacancy in the office of vice chairperson, at its next meeting after the vacancy occurs the Board shall elect a new vice chairperson to serve until the election of the next chairperson of the Board. Only Trustees who are not members of the chairperson's political party shall be eligible for election as vice chairperson, unless seven or more Trustees are members of the same political party, in which case all Trustees, other than the chairperson, shall be eligible for election as vice chairperson. The vice chairperson shall perform such duties as may be prescribed by law or by the Board. The vice chairperson shall also assume the duties of the chairperson during the latter's absence and, in the event of a vacancy in the office of chairperson, until the election of a new chairperson.

Trustee Nugent commented that the current bylaw has worked very well for several years and he sees no reason to change it. He indicated that he understands that officers of most other university boards are elected. Mr. Nugent noted that there was some confrontation on the Board when it elected its chair and vice chair in the past, and the rotation system has worked very well in developing consensus and fostering cooperation. He said he hopes that the current sense of cooperation will continue under the new arrangement.

Trustee Cook said that she has heard no good explanation as to why the current bylaw should be changed. She said the system has served the Board and the University very well, and has made the Board quite productive. Ms. Cook said she voted in committee to move the resolution to the full Board for discussion because it is matter of great importance to the Board and to the University.

Trustee Gonzales indicated that when the chair and vice chair were elected in the past, there was a contentious process in electing those officers. The rotating chair system created an atmosphere of congeniality and ran more smoothly than the new system would.

Trustee Romney agreed that there has been great congeniality on the Board, and said that is wonderful. But, he added, congeniality comes from treating each other with respect, and this change in the bylaw should not affect that. Mr. Romney said that it is important for the Board to have a chairperson who is empowered by the Board members. This will provide for greater leadership on the Board, and bring MSU's Board in line with other organizations that elect their officers.

On a motion by Ms. McNamara, supported by Mr. Pittman, **THE BOARD VOTED to approve** the revised Bylaw. Trustees Cook and Gonzales voted No.

B. Organization of the Board

Having revised Bylaw Article 4, the Board immediately elected its new chairperson and vice chairperson.

On a nomination by Mr. Romney, supported by Mr. Ferguson, **THE BOARD VOTED to elect** Trustee David L. Porteous as its chairperson for a period of two years, effective immediately.

On a nomination by Mr. Nugent, supported by Mr. Pittman, **THE BOARD VOTED to elect** Trustee Joel I. Ferguson as its vice chairperson for a period of two years, effective immediately.

Trustee Porteous said that it is an unbelievable honor to be elected as chairperson of such a fine Board. He asked for the hard work and effort of the other Board members, as well, to make his time as chairperson productive.

Trustee Ferguson said the Board elected Mr. Porteous because he is an outstanding person and will do a great job as chair.

5. Comments on the Budget

President McPherson commented on the executive order recently issued by Governor Engler. The order ultimately reduced MSU's appropriation from the State by two percent, amounting to a mid-year reduction of \$6.5 million. He said that the University has been planning for reductions of three, five and seven percent, while continuing to drive quality. The University, he indicated, is spending about \$2 million less on health care this year than was budgeted because of great work with the unions, faculty and administration. Mr. McPherson said that the University will continue to ask spouses of employees to look to their own employers as the primary health care provider because healthcare costs will continue to grow regardless of what happens with the State appropriation. In addition, having more enrolled students means that the University has approximately \$4 million more than was originally budgeted. This combination of resources totaling approximately \$6 million leaves the University about \$500,000 short, but steps are being taken to have expenditures and income in balance for the fiscal year.

Trustee Nugent said that he is pleased that the University is consciously trying to keep costs to a minimum, and that we will be able to work through this difficult budget. He emphasized that MSU is still financially strong.

Mr. McPherson added that there will likely be further reductions from the State next year, and each one-percent reduction is difficult to deal with. But, he said, the

University would work with the Governor and the Legislature to ensure that we uphold the core strengths of the institution.

Trustee Cook commented that this is just the beginning of some difficult decisions that the University will have to make, and the challenge to the Board will be to work to maintain the integrity, reputation, and mission of Michigan State University. She said that the entire University is engaged in the budget process, and units around the University are working together.

Trustee Porteous noted that the Trustee Finance Committee regularly hears about increased productivity and efficiency, as well as cost control at the University. He said that he hopes the Legislature recognizes that MSU has, for many years, been a leader in cost containment and efficiency. President McPherson added that MSU's 2.8 percent average tuition increases brought in several million dollars less than MSU would have received had it charged the average tuition of other four-year institutions. This means that all parts of the University were forced to reallocate and prioritize their resources.

6. An Executive Session was not requested.
7. On a motion by Mr. Ferguson, supported by Mr. Porteous, the Board voted to adjourn at 9:55 a.m.

Respectfully submitted,

L. Susan Carter, J.D.
Secretary of the Board of Trustees