

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

May 9, 2003

The Trustee Finance Committee and Trustee Policy Committee meetings were held in the Board Room of the Administration Building beginning at 2:00 p.m. on Friday, May 9, 2003. Minutes of the meetings are on file in the Office of the Secretary of the Board of Trustees.

Interim President Lou Anna K. Simon called the meeting of the Board of Trustees to order at 2:36 p.m. in the Board Room.

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

University officers present: Interim President and Provost Simon, Vice President Poston, Secretary Carter, Vice President and General Counsel Noto, Vice Presidents Denbow, June, Webb and Webster and Senior Advisor and Director Granberry Russell. Faculty Liaisons present: Jonathan Hall, James Potchen, Steven Spees and Brian Teppen. Student Liaisons present: Jared English, Misty Staunton and Missy Kushlak.

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

1. On a motion by Mr. Porteous, supported by Ms. Gonzales, **THE BOARD VOTED to approve** the agenda.
2. On a motion by Ms. Gonzales, supported by Mr. Porteous, **THE BOARD VOTED to approve** the Minutes of the April 11, 2003, and the April 25, 2003, meetings of the Board of Trustees and the actions taken at those meetings.
3. President's Report:
 - A. Interim President Simon introduced the new liaisons to the Board of Trustees who represent the students: Jared English, who was recently elected as Chairperson of the ASMSU Academic Assembly, replacing Matt Clayson, and Missy Kushlak, recently elected as ASMSU's Student Assembly Chairperson, who succeeds Matt Weingarden. They have both been very active in

ASMSU throughout their college careers, and we welcome them to their Board liaison role.

- B. Interim President Simon commented on the joy families and students demonstrated at commencement. The decentralized commencement ceremonies allow students and their families to be recognized, and photos taken. It really develops a wonderful sense of community for our campus. She said MSU had wonderful commencement speakers. Governor Granholm did an excellent job in connecting with the students. MSU conferred approximately 7,200 degrees last weekend.
- C. One the many pleasures in being part of an academy is to see your faculty recognized in very important ways. The University is fortunate to have to MSU faculty members elected to the prestigious National Academy of Sciences: Jim Tiedje, a University Distinguished Professor of Crop and Soil Science and Director of the Center for Microbial Ecology, and Michael Thomashow, Professor of Crop and Soil Sciences and of Microbiology and a member of the MSU-DOE Plant Research Lab. They were among only 72 new members and 18 foreign associates from 11 countries. Membership in the Academy is considered one of the highest honors that can be accorded a U.S. scientist or engineer. Professors Tiedje and Thomashow join 1,922 active members and bring MSU's Academy membership to a total of seven.
- D. Interim President Simon also recognized Vice President Webb and his entire team. Michigan State was recently ranked by the Council for Aid to Higher Education in the top 20 of total private giving to colleges for 2001-2002, with \$211,000,000 raised. Other Big Ten schools listed in this honor were the University of Wisconsin and the University of Minnesota. It's a great team effort, led by Chuck Webb. She thanked him and his staff very much on behalf of the entire University community.

4. Public Participation on Items Germane to the Agenda

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

5. Personnel Actions

Dr. Simon presented the following personnel actions:

Breslau, Naomi, AN-Professor, Department of Epidemiology, \$137,500, with Tenure, effective June 1, 2003.

On a motion by Mr. Porteous, supported by Ms. McNamara, **THE BOARD VOTED to approve** the recommendation.

Dr. Simon noted that Dr. Breslau comes to Michigan State University with a very distinguished career. Her last assignment was at Henry Ford Hospital.

6. Appointment of Interim Provost

Chairman Porteous offered a Resolution (Attachment A) relative to appointment of an Interim Provost for the duration of Dr. Simon's appointment as Interim President.

On a Motion by Mr. Porteous, supported by Mr. Romney, **THE BOARD VOTED to adopt** the Michigan State University Board of Trustees Resolution dated May 9, 2003.

Mr. Porteous noted that Dr. Simon retains her position as Provost while serving as Interim President of the University. Occasionally, there will be situations where Dr. Simon cannot act as both the President and the Provost. This resolution provides the mechanism under which Assistant Provost and Assistant Vice President for Academic Human Resources Dr. Robert Banks and Dr. Karen Klomparens, Dean of the Graduate School, would each be authorized to act as Provost in the place and stead of Dr. Simon.

Dr. Simon said the content and effect of the Resolution was reviewed with the Executive Committee of the Academic Council and Professor Spees was asked to report on that review.

Dr. Steven Spees said the Executive Committee had a thorough discussion of the Resolution. The proposal was strongly supported both when Dr. Simon was present and when Dr. Simon was not present.

7. Gift, Grant and Contract Report

There was no Gift, Grant and Contract Report presented.

8. Committee Chairperson Pittman presented the Trustee Finance Committee report and recommendations.

A. Request for State Building Authority to Reconvey Title to Engineering Building and Research Facility to MSU.

On a Motion by Mr. Porteous, supported by Mr. Romney, **THE BOARD VOTED to adopt** the Resolution of the Governing Body of Michigan State University Approving Conveyance of Property for the Engineering Building and Research Facility. (Attachment B)

For purposes of clarification, Mr. Porteous noted that this Resolution brings the property back to Michigan State University from the State of Michigan.

B. 2003-2004 Housing Rate Recommendations

Fiscal Year 2003-2004 Housing Rate Recommendation: The basic residence halls room and board rate of \$2,615 per semester effective fall semester 2003 and the basic University apartment rates of \$536 per month for a remodeled one-bedroom apartment and \$594 per month for a remodeled two-bedroom apartment effective August 1, 2003.

On a motion by Mr. Porteous, supported by Mr. Nugent, **THE BOARD VOTED to adopt** the recommendation.

In the Finance Committee meeting, Chuck Gagliano, Assistant Vice President for Housing and Food Services, made a presentation: The recommendation for the next fiscal year is a six-percent increase for both residence halls and university apartments. One of the components that make up the six-percent is the cost of increased computer bandwidth. All students are required to have a computer, and that requires greater bandwidth capability. Approximately 25-percent of the increase is due to an additional deferred maintenance fee. Customarily, money is placed into the maintenance reserves. The newest residence hall on campus was built in 1967, and maintenance and student usage require major changes be made. The third component that is included in the six-percent increase is overall higher maintenance costs. The reserves will enable required maintenance and changes to be made as needed without peaks in housing rate increases in future years.

Mr. Porteous made note that the housing and room and board rates for MSU are very reasonable. Even with the proposed increase, our room and board rates would still be the lowest of all public universities in the state and nearly the lowest in the Big Ten. The Housing and Food Services department has been a great steward of students' dollars in keeping rates as low as they are.

Mr. Gagliano went on to explain that the rates charged by MSU cover services for which additional fees are charged by other universities. When the students are given the housing fee, that is the entire housing fee. There are no add-ons to that amount.

C. 2003-2004 Budget Planning

Trustee Pittman said that over the last many months, a great deal of work has been done to prepare for the budget challenges we will face over the next year. He called on Dr. Simon to make a presentation:

Dr. Simon said that over the last months we have been planning a variety of contingencies across the University in order to deal with what is essentially a \$60,000,000 initial gap in funding for Michigan State University – if tuition were not raised at all, given the minus ten percent recommendation from the State of Michigan and our normal inflationary increase. That ten percent reduction in State appropriation brings our per-student allocation to \$7,167, which is the 1995-96 level of support. This clearly presents a challenge to maintaining our institution's character and quality, and it is also a challenge for the families and stakeholders of Michigan State University.

Over the last few months, the University has been looking carefully for any opportunity for re-engineering, such as the use of technology, combining various departments, including those in the College of Agriculture and Natural Resources that you have read about. MSU has looked at re-engineering in the areas of Olin Health Center and relevant services to try and provide as much money as possible to preserve basic academic programs. In that process discontinuations of programs – eight programs, in particular – has been examined, and MSU has placed a moratorium on 49 other programs for admission to the University. Also, Urban Affairs Programs have been restructured, and some closed. This will result in a savings as well as a bright future for our urban agenda. Agricultural Engineering is a program that has been listed as one that we are carefully taking into consideration at the departmental level. At this point in time, the University will maintain the Agriculture Engineering departmental structure with a significant reduction in its budget, and preserve the programs at the undergraduate level.

To date, MSU has reduced FTEs by about 140 from last April to this April. There are also 70 – 100 mid-year layoffs in various

stages of announcement. Also, a variety of personnel practices, including voluntary time-off for employees over the summer, restructuring annual appointments to a variety of stages of eleven-month, ten-month, nine-month have helped to preserve positions as well as programs for students.

All of those activities have put enormous stress on the institution, but the faculty, staff, students and the leadership team have worked very hard to preserve program quality. Some uncertainties remain. There is a revenue conference for the State of Michigan on May 13th. Following that, MSU will have better insight into whether or not the projected ten-percent reduction will hold. And, the House may consider Michigan State for a slight, but importantly symbolic, positive position in terms of the State appropriation.

These issues and challenges will be examined at a Board meeting scheduled for June 5th. A look at the final budget guidelines, including the tuition recommendation, will take place. MSU is searching for a strategy that recognizes that the institution must make reductions while preserving program quality. The University is seeking balance as the covenant for the future, as well as shared responsibility.

Mr. Nugent pointed out that \$60,000,000 is a tenth of our budget.

Mr. Pittman said the Finance Committee has had an opportunity to work very closely with Interim President Simon and Vice President Poston and would like to thank them for their effective leadership and the way they have engaged the entire university in this evolving process.

Dr. Simon expressed her appreciation for the support of Mr. Pittman and the entire Finance Committee.

Mr. Nugent said that he knows that campus-wide everyone has been struggling to find ways to make efficiency improvements and cost reductions. Those efforts will continue for this year and next year and perhaps beyond. It is almost a crisis this year. Mr. Nugent complimented everyone for their hard work.

Mr. Romney said he thinks it is important to reiterate that steps have already been taken to implement reductions, some of which have occurred and some of which necessarily must take place over time.

Dr. Simon said that the University has assumed that with a balance between tuition and the reductions, it needs to meet the students and their families at least half-way. Plans have begun to be implemented that would result in a \$31,000,000 reduction by way of reallocation of existing resources, as well as budget cuts.

In addition to that \$60,000,000, there are the significant challenges of Experiment Station and Extension that have had flat Federal support over the past decade. They have been undergoing a series of budget challenges and reductions of positions over the last three years. Because of a highly integrative structure, those reductions not only affect our stakeholders around the state, but also very significantly affect colleges such as Agriculture, Veterinary Medicine, Natural Science, Human Ecology. And that's simply an additional overlay on the budget-planning challenges.

Mr. Porteous said that with the legislative bodies continuing to move forward and our continued internal review and work, MSU will be in a position on June 5th to be able to set tuition.

Vice President Webster said the three economists come together twice a year. They represent the Governor, the House and the Senate. On May 13th they will review the underpinnings of the Governor's budget recommendations for their fiscal year that begins October 1st, and they will look at the current year to determine if the revenues and expenditures are going to balance at the end of the year. Mr. Webster speculated that if they were asked, at this juncture the economists would not find a material reason to change budget policy in the current year nor the year beginning October 1st. Mr. Webster predicted that the Governor, the House and the Senate will meet again in late summer to advise the legislature whether they are on course.

D. Scholarship Seating Plan – Spartan Stadium

Mr. Pittman called on Athletic Director Ron Mason to make a presentation to the Board on the Scholarship Seating Plan.

Mr. Mason said at the time he took over the job of Athletic Director, approximately one year ago, he looked at three main components. 1) facilities; 2) staff, and 3) budget. Mr. Mason felt that the facilities are good overall, but there is some room for improvement in some areas. Based on his interactions with his staff, Mr. Mason was very comfortable with the administrative staff. The budget, however, has a projected deficit for next year. He will present a plan that will benefit the Athletics Department into the future – in

terms of sports, opportunities for student athletes and to keep MSU at the national level and in the top half of the Big Ten Conference.

With respect to a Scholarship Seating plan for Spartan Stadium, much research and review of other Big Ten programs were done. There are seven schools in the Big Ten who have implemented the program that will be discussed, and other schools will be implementing a similar plan. This proposal is long overdue and compares well across the country.

There will be three zones (yellow, red and green) that comprise 21-percent of Spartan Stadium. Some schools have seat premiums on 80-percent of their stadium. The students and band will retain current seating. The proposal asks for an unrestricted annual gift to the Ralph Young Fund that will be paid by May 7, 2004, the same date as ticket renewals. The gift will count toward Ralph Young Fund membership and all the University giving societies. The gifts are 80-percent tax deductible under IRS regulations and the amount is in addition to the ticket price.

Those who have had season tickets for one – 24 years will have a two-year phase-in program. In 2004, they will pay 50-percent based on the zone where their seats are located. In 2005, the full gift will be payable. For those who have had tickets for 25 – 49 years, the gift would phase in over a four-year period. Approximately 60-percent of MSU's season ticket holders have held their tickets for over 25 years. For those who have held season tickets for over 50 years, there will be no additional cost for two tickets. There are approximately 1,400 seats that fall into that category.

Approximately 30-percent of the people already in those areas are currently members of the Ralph Young Fund and will not be asked to pay a premium.

A one-time ticket transfer would be allowed. The season ticket holders will be contacted in the fall. They can transfer their tickets to anyone they wish. Some people hold 20, 40 or 60 tickets. Although they are in one person's name, some of the tickets are actually paid for by others. With this plan, they can transfer up to four tickets to any name they wish. The transfers must be made no later than December 31, 2003; any new season ticket holders will be subject to the gift guidelines.

Options for current season ticket holders are as follows: They can retain their seats and comply with whatever scholarship guidelines

that are in place. Otherwise, they would have to move to an area where there is no gift requirement. There are such seats available; no one is going to be pushed out of Spartan Stadium. The current plans will continue, such as the "Family Plan", the "Corporate Plan", etc., where tickets can be purchased at a reduced rate.

University donors who are not athletic donors will be recognized in obtaining seats. The plan that has been in place for some time is a giving priority of five to one. That will not change. All donors University-wide will be able to avail themselves of seating priority.

Season ticket holders will receive a public announcement laying out all the details in June. Transfer of tickets must be completed by December 31, 2003. The renewal process will start in February 2004, with the deadline in May 2004. Assignment of available seats will take place at that time, and tickets will be mailed before the new season begins.

This is only part of the total package. The goal is not only to get more dollars, but to cut costs wherever possible, in order to maintain 25 sports. MSU is a land-grant school and 25 sports is very appropriate for Michigan State. Rather than talking about cutting sports, as a lot of other schools are doing, Athletic Director Mason would like to be in a position to retain the 25 sports, and even perhaps add a sport if it is felt to be in the best interest of the University. This plan will give us an opportunity to move in that direction.

Mr. Pittman offered the following Resolution relative to the Scholarship Seating Plan – Spartan Stadium:

BE IT RESOLVED that the Board of Trustees approves the Director of Intercollegiate Athletics recommendation to implement a Scholarship Seating plan in Spartan Stadium beginning with the fall 2004 football season.

BE IT FURTHER RESOLVED that advance notice and information describing the details of the plan and the process will be sent to all season ticket holders affected by the new seating plan.

The attached summary (Attachment C) of the plan provides a general description of the various features of the plan for implementation.

On a motion by Mr. Pittman, supported by Mr. Romney, **THE BOARD VOTED to adopt** the Resolution.

Mr. Pittman asked how many people in the yellow zone are not contributors to the Ralph Young Fund, and Mr. Mason answered the number was 46-percent. Nearly half of the people who have the best seats in the stadium do not contribute to the Ralph Young Fund.

Mr. Romney stated that those who are donors to the Ralph Young Fund would have an opportunity to move into better seats.

Mr. Ferguson said that he thinks the presentation is a positive modification of the original plan. He wants people to be rewarded who have been supporting the football program for several decades although MSU has gone to only one Rose Bowl in 37 years. Those loyal fans bought season tickets every year, before premium seating has been in vogue. They feel they have been making a contribution every year by virtue of purchasing season tickets even when the team did not do well. The way they got to the better seats is from their long history of support.

Mr. Mason said they took that view into account when they formed the graduated gift aspect in the longevity portion of the program. Twenty-five years ago, ticket sales supported sports. Now, MSU needs sponsorships, Ralph Young Fund donations and many other options to cover expenses.

Mr. Nugent pointed out that the Ralph Young Fund has two parts: the endowment fund and the annual expendable fund. If no changes are made in season ticket sales plans, the annual expendable fund will be depleted by 2005. One of the reasons costs are rising so much is that as tuition rates increase, the scholarships paid for by the Athletics Department must increase by a like sum.

Mr. Mason said the Athletics Department currently pays approximately \$6,000,000 in scholarships to the University. If tuition is raised ten-percent, then the cost of the scholarships increases another half-million dollars.

Mr. Ferguson feels that if players are recruited from out of state or from other countries, the Athletics Department should not be charged out-of-state tuition fees for those athletes. That would slow the depletion that Mr. Nugent mentioned.

Mr. Poston commented that he appreciates Trustee Ferguson's opinion, but policy is that the University does not subsidize the

Athletics Department. Therefore, they must be able to support their sports – which is done essentially from revenue from two sports and sponsorships and donations. The University does charge the Athletes Department for tuition, either in-state or out-of-state, depending on the location from which the athlete is recruited. That has been practice. The performance auditors were recently on campus reviewing that practice, as well as others.

Mr. Porteous commented that this presentation is only one piece of the puzzle. He shares the philosophy that the Athletics Department must be self-sufficient. What has been proposed in the scholarship seating plan is part of the answer. Athletic Director Mason and his staff should take great pride in their success in greatly enhancing donations to help support the Department and greatly enhancing corporate sponsorship and advertising revenues with very impressive growing of those revenues. The improvements to Spartan Stadium are also an important component to ensuring positive cash flow that will help the financial stability and strength of the Athletics Department.

As Trustee Ferguson mentioned, this proposal has been a result of a lot of discussion and input, both inside and outside the University. Very important and significant modifications have been made that help to allow season ticket holders to plan as they save and set money aside for the program. The result must be a strong Athletics Department program, just as we must have a strong academic program at the University. Mr. Porteous commended Mr. Mason for his work in preparing this fine plan.

Mr. Pittman commended Mr. Mason for taking on some very difficult challenges during his first year as Athletic Director. If Mr. Mason had been aware of what difficulties he would face, it might have been more difficult to persuade him to take the position as Athletic Director. Mr. Mason has taken the challenges head-on. This approach has taken into consideration long-term needs of the Athletics Department.

Mr. Ferguson said that he voted in favor of the Resolution, even though he has some reservations about the plan. He wants it noted that the dialogue and discussion surrounding this proposal was done in the spirit of working together toward the best outcome for the University. He appreciates the efforts of Mr. Pittman and Athletic Director Mason for their work on refining the plan, and he appreciates Mr. Romney's input, as well.

Mr. Pittman pointed out that the questions raised by Mr. Ferguson helped them to look at the proposal in much greater depth, and resulted in ideas to improve it.

E. Authorization of Line of Credit in Connection with Switch to Alternative Federally Insured Loan Program

On the motion of Mr. Pittman, supported by Mr. Porteous, **THE BOARD VOTED to approve** the recommendation for authorization of a line of credit in connection with a switch to the alternative federally insured loan program. Mr. Nugent abstained.

During the Trustee Finance Committee meeting, Vice President Poston explained that approval of the Board of Trustees is needed in order to secure a line of credit. This line of credit is to be no more than \$60,000,000 that escalates ten-percent annually to a level no greater than \$90,000,000. This line of credit will be used to fund a new direct lending program currently under evaluation. The amount of debt would fluctuate from year to year. This action would cap the total number of loans that could be outstanding.

Interim President Simon explained that the University has been a member of the direct lending program for a very long time and we will continue to be a member. But in the spirit of looking at every opportunity to reduce the cost of education for our students, a plan for MSU to be an institutionist lender has been closely scrutinized. That program serves to save students a significant amount of money, as well as money for the institution to be used to offset the cost of financial aid.

Rick Shipman offered that the program involves commercial lenders providing funds to Michigan State to provide loans to students and their parents. This plan would save them over \$100 for every \$1,000 that they borrow under the current program. For the average undergraduate who leaves the University with nearly \$18,000 in debt, a \$2,500 savings to them over the life of repayment would be realized.

Trustee Pittman said that this plan was developed in collaboration with Trustee Nugent and the University's finance staff. He expressed his appreciation to Mr. Rick Shipman, Mr. David Brower and Trustee Nugent for his creativity.

Elsewhere, Mr. Pittman reported to the Board that in association with completion of Commuter Lot 89, and a previously-authorized budget for the construction of the lot, due to unforeseen

circumstances, specifically, bad weather and high humidity, overruns in excess of \$400,000 resulted. After review with Vice President Poston, the Finance Committee recommends that a review process policy be developed for the Finance Committee in event of such overruns in the future. This would ensure that the best efforts are used for University projects to be completed within budget.

Interim President Simon indicated that is a policy review that would be very much welcome.

9. Committee Chairperson McNamara presented the Trustee Policy Committee report and recommendations.

A. Restructuring of Urban Focused Academics

It was recommended that the Board of Trustees approve the elimination of Urban Affairs Programs effective July 1, 2003, and approve the new Program of Urban and Metropolitan Studies in the College of Social Science effective July 1, 2004.

On a motion by Ms. McNamara, supported by Scott Romney, **THE BOARD VOTED to approve** the recommendation.

B. Mission and Name Change Department of American Thought and Language to Writing, Rhetoric and American Cultures

It was recommended that the Board of Trustees approve the Department of American Thought and Language name change to "Writing, Rhetoric and American Cultures," effective July 1, 2003, and that they be authorized to provide a fuller range of courses and become a degree-granting unit.

On a motion by Ms. McNamara, supported by Ms. Gonzales, **THE BOARD VOTED to approve** the recommendation.

C. Name Change Department of Telecommunications to Department of Telecommunication, Information Studies and Media

It was recommended that the Board of Trustees approve the Department of Telecommunication name change to the "Department of Telecommunication, Information Studies and Media" effective July 1, 2003.

On a Motion by Ms. McNamara, supported by Ms. Gonzales, **THE BOARD VOTED to approve** the recommendation.

D. Notice of Intent to Negotiate Contracts

Pursuant to state law, the Chair of the Policy Committee gave public notice to the full Board during the Committee's report of the University's intention to negotiate agreements regarding technology licensing, research and related matters. There are two companies on which the Chair gave notice:

- 1) Blosser Systems, a Michigan firm based in Lansing. Dr. Steven Blosser, a Specialist in the Resource Center for Persons with Disabilities, and his immediate family, cumulatively own or have options to buy an equity interest of more than five-percent of the company. Dr. Blosser is also an officer of Blosser Systems.
- 2) VAMTech LLC, a Michigan firm based in Lansing. Dr. Muralee Nair, a Professor in the Department of Horticulture, and Dr. Robert Schutzki, an Associate Professor in the Department of Horticulture, and their immediate families cumulatively own or have options to buy equity interests of more than five-percent of VAMTech LLC. Dr. Nair is also an officer of the company.

10. Chairperson's Report

Trustee Porteous congratulated Interim President Simon for conducting her first Board of Trustees meeting. Mr. Porteous enjoyed Dr. Simon's style and comments, and the direction she is providing to the Board. These are particularly challenging times for the University. It may be an almost perfect time to have someone with the knowledge of the Provost as well as the President to be in the position of Interim President. Dr. Simon has great sensitivity and understanding of the complex relationships. The Board has seen a grass-roots approach involving staff and faculty, as work continues on the budget issues. They were allowed to help develop ideas and make suggestions as to how we can work through this particularly challenging time. Vice President Poston has been acting in the same manner. It won't make the decisions any easier, but it allows the Board to be more informed.

Mr. Porteous also pointed out that Trustee Nugent recently made a great suggestion that will save students significant sums and also will help the University with some of its budget issues. Mr. Porteous feels one of the real benefits of having eight individuals who all have differing opinions is that discussion, debate and input received from one another in a

professional and open way, ultimately helps arrive at the best decision possible.

11. Trustees' Comments

- A. Trustee Cook welcomed Dr. Simon as the new "Provodent," as she calls herself in her new combination job. Ms. Cook was unable to be at the Board meeting when Dr. Simon was named Interim President, and she congratulates Dr. Simon and looks forward to working with her in this combination of roles. This is one way to save money – we eliminated one position. Ms. Cook expressed great confidence in Dr. Simon's ability to lead the University.
- B. Trustee Gonzales said she has known Dr. Simon for a long time, and Dr. Simon has done such a great job for the University. It is good to have her in the two positions that will allow Dr. Simon to give the Board the bigger picture as to what is going on with the University.
- C. Trustee McNamara said she felt the same way. It was great to see Dr. Simon sitting in the position of the President at this meeting.
- D. Trustee Nugent expressed, on behalf of himself and the Board, that they are all here to help in any way they can during this time. Mr. Nugent witnessed during commencement why Vice President Webster does such a good job. His college, James Madison, honored Mr. Webster as a distinguished alum.
- E. Trustee Ferguson said he knows that Dr. Simon will do as outstanding a job as Interim President as she has done as Provost. He feels the best is yet to come for MSU, and he enjoyed the meeting.
- F. Trustee Romney thanked the Finance Committee and the Athletics Department for their innovative approach to Scholarship Seating. It was a great combination of thought and innovation. Mr. Romney complimented Dr. Simon in her leadership in the budget reduction process. The ideas presented by Dr. Simon as well as the proposals of the Finance Committee are exciting in terms of meeting the challenges we have. Mr. Romney enjoyed hearing Dr. Simon's initiatives in the discussion of education and the role of education and the engagement of the Board as well as dealing with the policies of the University, including the conflict of interest policy.
- G. Trustee Pittman made the observation that the State of Michigan has a woman governor and two women presidents of great universities. It places Michigan in a very unique leadership position. Mr. Pittman said it was a real pleasure to work with Dr. Simon and is very optimistic as

she brings a new perspective to issues. It is also a very positive reflection on President McPherson that he has in place the team of Dr. Simon and Dr. Poston who can take over when he is called to serve the nation in Iraq. These are difficult times and their leadership qualities will allow the University to continue forward momentum.

Dr. Simon thanked the trustees for their remarks. To use a sports analogy, she said when you lose your point guard and you bring in someone else from a different position to play that role, it really requires that the entire team plays better. Dr. Simon said that we are in a position, with the help of Dr. Banks and Dr. Klomparens, for Michigan State to be better tomorrow than it is today. With the team spirit and everyone pitching in, we will have a very good summer.

Trustee Cook commented that Karen Klomparens changed the robing method for the Ph.D.s. That resulted in a greater number of faculty and mentors in attendance with their students. It changed the whole feeling for the better for that part of the commencement ceremony. It became much more personal and it expedited the program.

Dr. Simon added that the credit should be shared with Dr. Linda Stanford, who has the responsibility for commencement exercises.

11. Public Participation on Issues Not Germane to the Agenda

There was no public participation on issues not germane to the agenda.

12. An Executive Session was not requested

13. On a motion by Mr. Romney, supported by Ms. McNamara, **THE BOARD VOTED to adjourn** at 3:38 p.m.

Respectfully submitted,

L. Susan Carter
Secretary of the Board of Trustees

Whereas, the Board has appointed Dr. Lou Anna Simon the Interim President of Michigan State University for the duration of President Peter McPherson's special assignment in Iraq and related leave;

Whereas, Dr. Simon also retains her position and title as Provost, with all related duties and responsibilities;

Whereas, under certain University policies, the provost makes recommendations to the president, or takes action which the president must subsequently approve, or renders decisions which may later be appealed to the president;

Whereas, these policies envision that different individuals act as provost and president; and

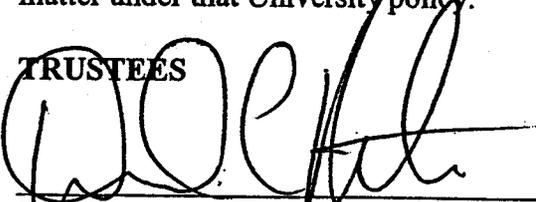
Whereas, Dr. Simon's duties as Interim President and as Provost make it appropriate that she have additional assistance during President McPherson's special assignment and related leave in the administration of the University's academic affairs and in the operation of the Provost's Office.

NOW, THEREFORE, be it

RESOLVED, that, for the duration of Dr. Simon's appointment as Interim President, Assistant Provost and Assistant Vice President for Academic Human Resources Robert Banks is authorized to act as provost under any University policy which assigns different roles or duties to the president and the provost, and is granted the title Interim Provost in connection with such actions; and be it

RESOLVED, that, for the duration of Dr. Simon's appointment as Interim President, Dean of the Graduate School Karen Klomparens is also appointed Interim Associate Provost; and be it

RESOLVED, that, with respect to any matter for which Dr. Banks is unable for any reason to act as provost under a University policy which assigns different roles to the president and the provost, Dr. Klomparens is also authorized to act as provost for that matter under that University policy.

TRUSTEES


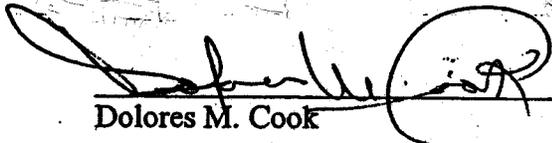
David L. Porteous

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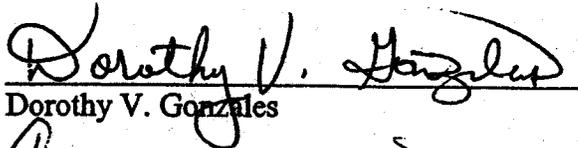
Date

Joel I. Ferguson

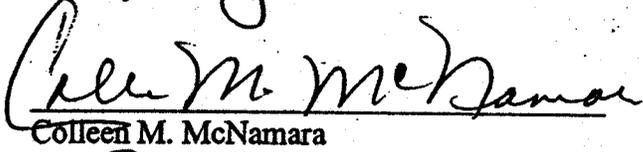
Date


Dolores M. Cook

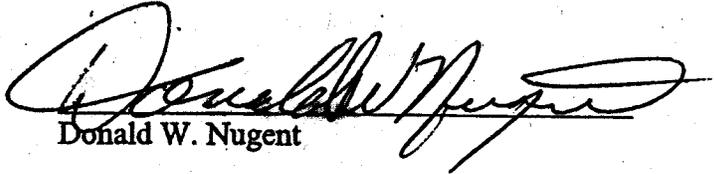
5/9/03
Date


Dorothy V. Gonzales

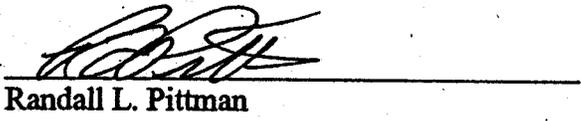
5/9/03
Date


Colleen M. McNamara

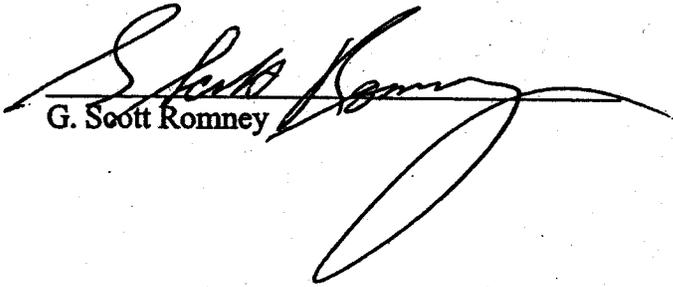
5/9/03
Date


Donald W. Nugent

5/9/03
Date


Randall L. Pittman

5/9/03
Date


G. Scott Romney

5/9/03
Date

A RESOLUTION OF THE GOVERNING BODY
OF MICHIGAN STATE UNIVERSITY
APPROVING CONVEYANCE OF PROPERTY
FOR THE ENGINEERING BUILDING AND RESEARCH FACILITY

A RESOLUTION of the Governing Body of Michigan State University (the "Educational Institution") requesting and approving the conveyance of property and to provide matters relating thereto.

WHEREAS, the State Building Authority (the "Authority"), a statutory body corporate created under provisions of 1964 PA 183, as amended, is authorized to acquire, construct, furnish, equip, own, improve, enlarge, operate, mortgage and maintain buildings, necessary parking structures or lots and facilities and sites therefore for use by the State or any of its agencies including institutions of higher education created pursuant to Sections 5, 6 and 7 of Article VIII of the Michigan Constitution of 1963; and

WHEREAS, the Educational Institution has been created and is maintained pursuant to sections 4 and 5 of Article VIII of the Michigan Constitution of 1963; and

WHEREAS, the Authority has previously acquired the Engineering Building and Research Facility and the site upon which it was constructed (the Engineering Building and Research Facility and the site together are the "Facilities") and the Authority leased the Facilities to the Educational Institution and the State of Michigan (the "State") pursuant to a lease dated as of June 1, 1988 (the "Lease"); and

WHEREAS, under the terms of the Lease, the Authority agreed to convey title to the Facilities to the Educational Institution upon request by the Educational Institution after the Bonds which financed the Facilities (the "Bonds" as defined in the Lease) and any additional bonds or other obligations as provided in the Lease are paid in full or provision for the payment thereof is made as provided in the Lease for consideration of

one (\$1.00) Dollar and the assumption by the Educational Institution of all monetary obligations and legal responsibilities for the operation and maintenance of the Facilities; and

WHEREAS, the Bonds have been paid in full and all conditions established by the Lease as condition precedent to conveyance of title to the Facilities by the Authority to the Educational Institution have occurred.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE EDUCATIONAL INSTITUTION THAT:

1. The Educational Institution hereby requests that the Authority convey title to the Facilities by Quitclaim Deed to the University.

2. The consideration for the conveyance of the Facilities shall be one (\$1.00) Dollar and the assumption by the Educational Institution of all monetary obligations and legal responsibilities for the operation and maintenance of the Facilities.

3. The conveyance of the Facilities pursuant to the terms and conditions set forth above is approved and each of Fred L. Poston, the Vice President for Finance and Operations and Treasurer, and Glen J. Klein, Director of Investments and Financial Management, of the Educational Institution is authorized and directed to execute any documents to accomplish the conveyance in such form as may be requested by the Authority and approved by counsel for the Educational Institution.

4. All ordinances, resolutions and orders or parts thereof in conflict with this resolution are, to the extent of such conflict, repealed.

5. This resolution shall be effective immediately upon its adoption.

Draft
Spartan Stadium Scholarship Seating Plan
May 9, 2003

Effective during the 2004 football season, all seats in sections 7, 8, 9, 22, 23, 24 and 25 and some seats on the 50-yard line side of sections 6, 10, 21 and 26 will require an unrestricted gift to the Ralph Young Fund, in addition to the price of the tickets.

The required per seat gift in each section is as follows:

Zone A - \$500 per seat - Section 8 seats 19 to 36
(Yellow) Section 9 seats 1 to 18
Section 23 seats 19 to 36
Section 24 seats 1 to 18

Zone B - \$300 per seat - Section 7 seats 19 to 36
(Red) Section 8 seats 1 to 18
Section 9 seats 19 to 36
Section 10 seats 1 to 18
Section 22 seats 19 to 36
Section 23 seats 1 to 18
Section 24 seats 19 to 36
Section 25 seats 1 to 18

Zone C - \$200 per seat - Section 6 seats 19 to 36
(Green) Section 7 seats 1 to 18
Section 21 seats 19 to 36
Section 22 seats 1 to 18
Section 25 seats 19 to 36
Section 26 seats 1 to 18

Required per seat contributions will be adjusted periodically to reflect the cost of living and the department's needs.

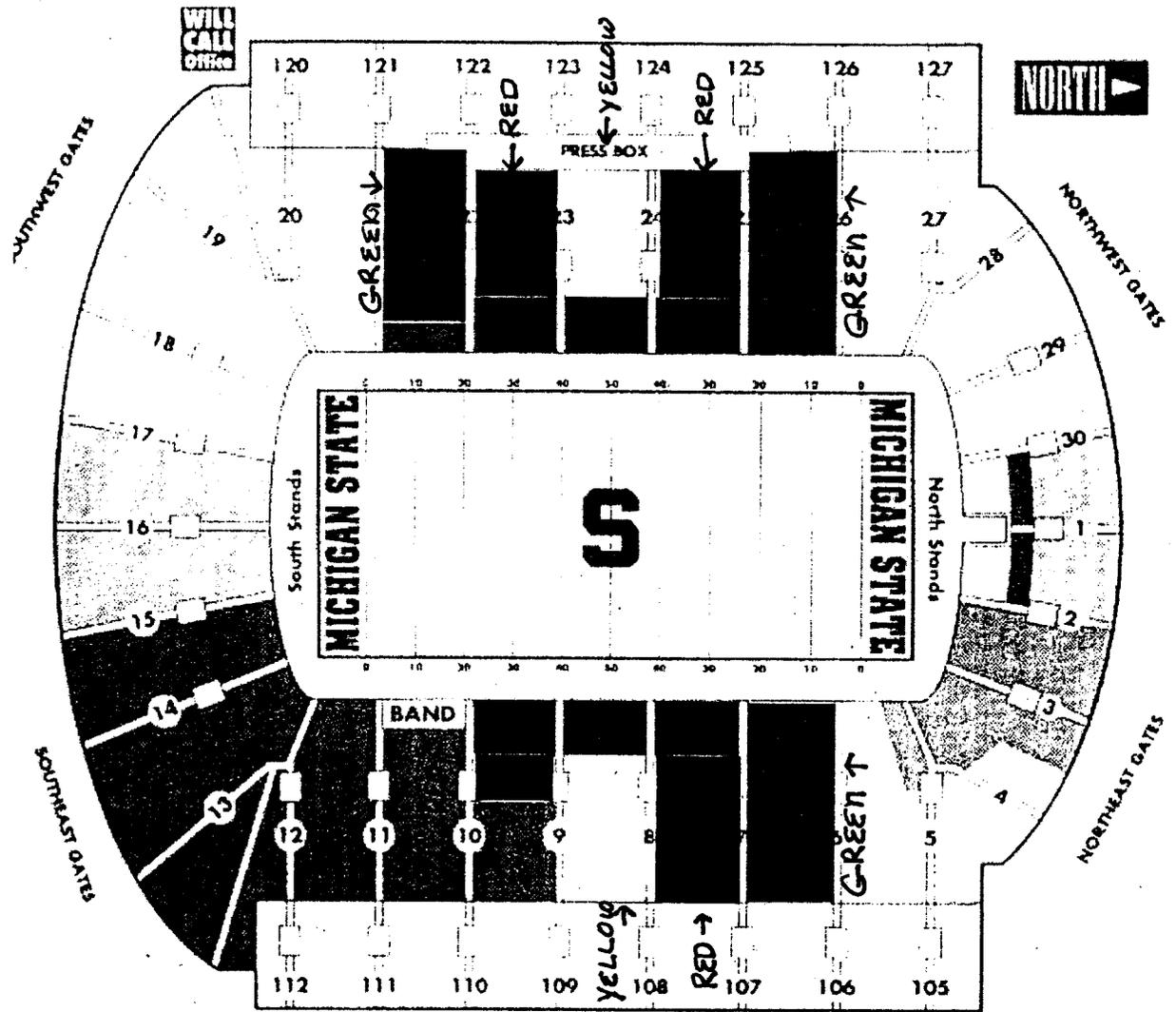
The Process

Current season ticket holders will have the right to retain their seats by paying the required per seat contribution on or before the traditional season ticket renewal date. To provide flexibility and to accommodate traditional giving patterns, the required contribution may be made at any time during the fiscal year, but must be completed by the deadline for season ticket renewal (approximately May 7, 2004). The contribution may be included with the season ticket renewal application payment. For example: A season ticket holder with four seats in Zone A will be required to make an unrestricted gift to the Ralph Young Fund of \$2,000 (four seats @ \$500 per seat). This gift will make the season ticket holder an Honorary Coach in the Ralph Young Fund. Should the season ticket holder already be an Honorary Coach, they would not be required to make an additional gift, if their current gift is unrestricted.

Gift Credit and Tax Deductibility

All required per seat gifts will count toward Ralph Young Fund membership and University Giving Societies. These gifts are also 80% tax deductible under IRS regulations.

Spartan Stadium Scholarship Seating Plan / Seating Zones



Red	5,771
Green	5,961
Total	15,204