

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

January 19, 2007

President Simon called the meeting of the Board of Trustees to order at 9:32 a.m. in the Board Room.

Trustees present: Joel I. Ferguson, Melanie Foster, Dorothy V. Gonzales (via telephone), Colleen M. McNamara, Donald W. Nugent, Faylene Owen, George Perles, and G. Scott Romney.

University officers present: President Simon, Provost Wilcox, Vice President Poston, Secretary Barber, Vice President and General Counsel Noto, Vice Presidents Denbow, Gray, Hudzik, June, and Webb, Senior Advisor and Director Granberry Russell, and Acting Executive Director Beekman. Faculty liaisons present: Catherine Ernst, Michael Moch, Kathleen Payne, Jim Potchen and Catherine Yansa. Student liaisons present: Rachael Grear, Brad Love, Eric Hinojosa, and Roger Ludy.

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

1. On a motion by Trustee Romney, supported by Trustee Owen, the **BOARD VOTED to approve** the agenda.
2. On a motion by Trustee Nugent, supported by Trustee Owen, the **BOARD VOTED to approve** the minutes of the Board meetings of November 27, 2006 and December 8, 2006.
3. President's Report
 - A. Grand Rapids Property Purchase and Naming

President Simon said that during the Board of Trustees meeting in Grand Rapids on January 18, 2007, the Board took action to purchase the site for the new building for the College of Human Medicine and to name that building the Secchia Center. The naming is in recognition of a substantial gift from Ambassador Secchia and his family. MSU is anxious to both recognize and celebrate this milestone and complete the fundraising so that the building will be ready for classes to begin in 2010.

B. Hong Kong Visit

President Simon stated that her trip to Hong Kong provided an opportunity to talk with representatives of Hong Kong University of Science and Technology as well as Hong Kong Polytechnic. MSU has some programmatic relationships with these universities and she expects the visit will strengthen those ties.

C. Governor's Task Force

President Simon said that she had been named by Governor Granholm to the bi-partisan, 12 member Emergency Financial Advisory Panel. This is an interesting time for the state because \$7 billion of non-recurring money has been used over the course of the last few years to deal with budgetary issues. The median household income has actually declined and the job situation has changed remarkably. Michigan needs its international research universities more than ever as a public good to lead the way through this economic challenge. Unfortunately, higher education funding and revenue sharing tend to be more discretionary parts of the budget, given the public policy decisions that have been made incrementally over a long period of time.

President Simon stated that this issue will require a considerable amount of work to address not only the numbers, but also the underlying policy that will help make the State stronger.

D. Martin Luther King, Jr. and STEP Reunion

President Simon said that the Martin Luther King, Jr. celebration was this week. The celebration included the reunion of the Student Tutorial Education Project (STEP), a program where MSU students went to tutor disadvantaged students in Mississippi.

Another special part of the celebration was the opportunity for Gregory Reed, an MSU alumnus, to share a collection of memorabilia that he has spent 30 years assembling. One very striking piece of history for the students was the fingerprint card of Rosa Parks. It is a stark reminder of American history. The MSU museum is actively working with Mr. Reed to make his private collection more accessible to the public.

President Simon gave special thanks to Paulette Granberry Russell and her team for their efforts in promoting inclusion at MSU.

E. Newly Appointed Detroit Office Staff Members

President Simon announced two newly appointed members of the Detroit Outreach Admissions Office: Reynolda Brown and Floren시오 Hernandez. Mr. Brown is the new Assistant Director for Detroit Outreach. He has vast experience in recruiting students in the metropolitan Detroit area and has done numerous presentations regionally and nationally at admission conferences. Mr. Hernandez is the newly appointed Admission Counselor for the Detroit Outreach Office. He is a recent MSU graduate, has been involved in several student organizations and also was a Legislative Intern for Michigan State Representative Espinoza. The Detroit Office is now fully staffed.

F. MSU Traffic Safety Award

President Simon said that due to the work of Vice President Poston and his entire team, MSU will receive the Richard H. Austin Traffic Safety Award, which is the Governor's Traffic Safety Commission Award. This will be presented to MSU on March 15, 2007. The award recognizes MSU's contributions and commitment to traffic safety on campus.

4. Public Participation on Issues Germane to the Agenda.

A. Investment Policy—Terry Link

President Simon said that Terry Link, Director of Campus Sustainability, would speak to the Board regarding socially conscious investment. The agenda contains recommendations regarding investment managers as well as the membership of the Investment Advisory Subcommittee.

Mr. Link said that last week the *Los Angeles Times* reported on the conflicts in the Gates Foundation. What the Foundation was funding with return on investment from the endowment was being undercut by some of these very firms in which the Foundation was investing. Mr. Link stated that Bill and Melinda Gates had announced they were committed to reviewing their entire portfolio to align investments with their core values. Mr. Link said that the time was right for MSU to do the same.

Mr. Link stated that MSU was the first public university to divest in securities and firms doing business with the Apartheid government in South Africa. Mr. Link said that he is afraid that MSU has lost any vigilance to social or environmental concerns and is simply looking at bottom line returns. Mr. Link commented that it is nearly

impossible to know where MSU money is being invested. While MSU has proudly joined the Chicago Climate Exchange, it still invests in Exxon Mobil.

Mr. Link acknowledged the high rates of return that MSU enjoys and understands the importance of those returns in funding for campus projects. When MSU invests for only a single bottom line, it ignores the social and environmental costs that get foisted onto others both near and far away. Mr. Link urged the Board to funnel a percentage of returns to local and state entrepreneurs and communities to grow the things that MSU values and support improved quality of life for all.

5. Personnel Actions

Provost Kim Wilcox presented the following personnel actions:

Shapiro, Michael, promotion to Associate Professor with the award of tenure, Department of Mathematics, effective February 1, 2007.

McGroarty, Estelle, AN—Senior Associate Dean, College of Natural Science; Professor, Department of Biochemistry and Molecular Biology, for a change in title to Acting Dean, College of Natural Science and for a change in salary rate to \$197,000, effective January 1, 2007.

Trustee Nugent **moved to approve** the recommendations, with support from Trustee Owen.

Provost Wilcox said that Dr. Shapiro is in the Department of Mathematics and has a doctorate from Moscow State University. Dr. Shapiro served on the faculty at Moscow Independent University prior to his appointment at MSU. His interests include moduli spaces, Schubert calculus, total positivity, polynomials, singularity theory and qualitative theory of ODE.

Provost Wilcox stated that Dr. McGroarty has been on the faculty at MSU since 1972 in the Department of Biophysics and Biochemistry. She has served as Acting Chair of Biophysics, as Associate Dean for Student Affairs in Natural Science, and, since 2000, as the Senior Associate Dean in the College of Natural Science. Dr. McGroarty is a pillar of the University both academically and administratively.

Dr. McGroarty said that the College of Natural Science is a very vibrant and strong college. Dr. McGroarty stated that the College of Natural Science has developed greatly over the years through the leadership of Dean Leroi and has a strong strategic vision that she intends to continue.

THE BOARD VOTED to approve the appointments.

6. Finance Committee

On a motion by Trustee Nugent, supported by Trustee Owen, **THE BOARD VOTED to approve** the minutes of the December 8, 2006 Trustee Finance and Audit Committee meeting.

Trustee Nugent presented the Trustee Finance Committee Report and recommendations.

A. Fund Functioning as an Endowment—

It was recommended that the Board of Trustees establish a fund functioning as an endowment entitled the Nelda D. Brown Fund.

It was recommended that the Board of Trustees establish a fund functioning as an endowment entitled the Roger L. Myers Fund in the Department of English.

It was recommended that the Board of Trustees establish a fund functioning as an endowment entitled the Dr. Bruce VerWest Award in Physics and Astronomy.

Trustee Nugent **moved to approve** the recommendations, as a group, with support from Trustee Owen.

THE BOARD VOTED to approve the recommendations.

B. New Investment Manager—Mason Capital Management, LLC

It was recommended that the Board of Trustees approve the selection of Mason Capital Management, LLC as an absolute return manager.

Trustee Nugent **moved to approve** the recommendation, with support from Trustee Owen.

Trustee Nugent stated that the uniqueness of this management firm is that it chooses small, entrepreneurial and profitable companies for investments rather than large companies.

THE BOARD VOTED to approve the recommendation.

C. Debt Resolution

It was recommended that the Board of Trustees adopt the resolution authorizing a general revenue debt financing not to exceed the principal amount of \$129 million plus the amount necessary to accomplish the refunding of outstanding University bonds. (Appendix A)

Trustee Nugent **moved to approve** the recommendation, with support from Trustee Foster.

Vice President Poston said that the addition of this debt to the debt portfolio will not change MSU's bond rating. MSU will still have a double A2 bond rating and \$300-400 million worth of debt capacity within this bond rating. The debt capacity increases as the size of endowments and other assets of the campus increase.

THE BOARD VOTED to approve the recommendation.

D. 2020 Vision Master Plan—2007 Campus Master Plan Update

It was recommended that the Board of Trustees adopt the 2007 Campus Master Plan Update (Appendix B) including changes to the Campus Planning Principles; land use framework maps for building opportunities, circulation, and open space; and the University Zoning Ordinance.

Trustee Nugent **moved to approve** the recommendation, supported by Trustee Perles.

Vice President Poston said that this is a five year update plan to the 2020 Campus Master Plan in order to review changes from the past five years and make recommendations for the next five years. This helps create continuity in the evolution of the plan. The update effort was led by Jeff Kacos, Director of Campus Planning and Administration; Bill Latta, Assistant Director of Planning and Budgets; and Stephen Troost, Campus Planner.

Mr. Troost said that the 2020 Vision Master Plan is a strategic planning tool that has guided approximately 1.3 million gross square feet of additional development to the campus footprint over the past five years. The Master Plan guides long-term development by establishing a rationale for the organization of campus. It identifies opportunities to accommodate growth in response to programmatic needs. It allows flexibility for individual projects to be brought into the campus-wide context and addresses specific needs that support University objectives.

Mr. Troost stated that the Plan provides a 20-year outlook. The challenge is to anticipate future needs and balance those with MSU's heritage. There is no mandate for growth but an identification of how growth can be accommodated and assimilated into the campus context when and if it is needed. Planning will not stop with the adoption of this Master Plan. On-going coordination will continue on a day-to-day basis.

THE BOARD VOTED to approve the recommendation.

E. Investment Advisory Subcommittee Members

It was recommended that the Board of Trustees approve the selection of Ronald E. Goldsberry and Gary L. Seevers to serve as external members on the Investment Advisory Subcommittee.

Trustee Nugent **moved to approve** the recommendation, with support from Trustee Romney.

Vice President Poston said that Dr. Seevers and Dr. Goldsberry are both graduates of MSU. Dr. Seevers has worked in investments with Goldman, Sachs and Company and is internationally renowned in that area. Dr. Goldsberry is also extraordinarily experienced in the field.

THE BOARD VOTED to approve the recommendation.

F. Authorization to Plan—Breslin Center—Renovate Men's and Women's Basketball Locker Rooms

It was recommended that the Board of Trustees authorize the administration to plan for the project entitled Breslin Center—Renovate Men's and Women's Basketball Locker Rooms.

Trustee Nugent **moved to approve** the recommendation with support from Trustee Owen.

Ron Mason, Director of Intercollegiate Athletics, said that the locker rooms have not had any renovations since 1989, when they were constructed. The locker rooms do not leave sufficient room for meetings before games, during half time or after games. For recruiting purposes, it is also important to update the spaces.

THE BOARD VOTED to approve the recommendation.

G. Project Approval—Authorization to Proceed (footprint change) Veterinary Medical Center—Small Animal Clinic Entrance Modifications

It was recommended that the Board of Trustees authorize the administration to proceed with the modifications that result in a material change to the campus landscape and footprint for the project entitled Veterinary Medical Center—Small Animal Clinic Entrance Modifications.

Trustee Nugent **moved to approve** the recommendation, with support from Trustee McNamara.

Bob Nestle, University Engineer, said that the project had two objectives. The first is to enhance the visibility of the front entrance and make it more inviting. The landscaping will be re-worked and canopies added to focus attention to the entrance. The second is to eliminate the congestion that comes from having only one entrance. The plan will expand the whole area and separate the entrance and exit doors of the building. This will make traffic flow much smoother.

THE BOARD VOTED to approve the recommendation.

H. Project Approval—Authorization to Proceed—IM Sports West—Indoor Pool Maintenance and Repair

It was recommended that the Board of Trustees authorize the administration to proceed with the project entitled IM Sports West Indoor Pool Maintenance and Repair and to approve a budget of \$1,900,000.

Trustee Nugent **moved to approve** the recommendation, with support from Trustee Perles.

Vice President Poston stated that this project arises from a maintenance issue involving the plumbing in the pool. It includes replacement of filters and the original pipes that were installed in 1957.

THE BOARD VOTED to approve the recommendation.

I. Bid and Contract Award

It was recommended to the Board of Trustees that a contract in the amount of \$1,818,000 be awarded to E & L Construction Group,

Inc. for the project entitled Spartan Village Elementary School & University Housing Office—Renovations.

Trustee Nugent moved **to approve** the recommendation, with support from Trustee McNamara.

THE BOARD VOTED to approve the recommendation.

8. Policy Committee

Trustee McNamara presented the Trustee Policy Committee Report and recommendations.

A. Law College Board Appointments

It was recommended that the Board of Trustees approve the appointments of the following individuals to the Law College Board:

Ms. Teresa A. Bingman for a term of two years, commencing January 2007.

Mr. M. Scott Bowen for a term of three years, commencing January 2007.

Ms. Colleen McNamara for a term of three years, commencing January 2007.

Trustee McNamara **moved to approve** the recommendation with support from Trustee Romney.

THE BOARD VOTED to approve the recommendation.

9. Audit Committee

Trustee Perles presented the Trustee Audit Committee Report and recommendations.

A. Reappointment of External Auditors

It was recommended to the Board of Trustees that Plante & Moran, PLLC be reappointed as the University's external auditors for the 2006-2007 fiscal year at a fee of \$282,650, in accordance with the University's policy on the rotation of auditors.

Trustee Perles **moved to approve** the recommendation, with support from Trustee McNamara.

Trustee Nugent said that Plante and Moran did an effective job last year as auditors for MSU and he supports the reappointment.

THE BOARD VOTED to approve the recommendation.

10. Facilities and Infrastructure Report Presentation

Vice President Poston said that this is the first of what is envisioned to be an annual report on the state of the facilities and infrastructure of Michigan State University. Kathy Lindahl, Assistant Vice President for Finance and Operations, has been collecting the data and information for this report over the past six years.

Assistant Vice President Lindahl presented the Facilities and Infrastructure Report. (Appendix C)

11. Boldness by Design Presentation: Strengthen Stewardship

Vice President Poston presented the Boldness by Design Environmental Stewardship Initiative. (Appendix D)

12. Trustee Comments

President Simon said that at the Board meeting in Grand Rapids on January 18, Trustee Ferguson was elected as Chairman and Trustee Foster as Vice Chairperson. Trustee comments will begin with the Chair's report.

Trustee Ferguson said that he wanted to welcome Trustees Owen and Perles to the Board. He noted that the new Trustees are off and running, with Trustee Perles as Chair of the Audit Committee and Trustee Owen as Faculty Liaison Chair. Trustee Ferguson noted that the new Trustees are very familiar with campus and both have great intelligence. Trustee Ferguson said that he was honored to serve with Trustee Foster as Vice Chairperson and believes that they will be a great team.

Trustee Ferguson stated that the Board has some philosophical beliefs about which it feels strongly. The first is the shared position of Dr. Alison Barber. The Board Secretary is shared with the President and that demonstrates a linkage between the Board and the President. The Board will continue to operate in this manner. Another belief that is shared by the Board is the commitment to operate in a nonpartisan way. While the Trustees may be elected in a partisan way, they become part of Team MSU when elected regardless of political affiliation.

Trustee Ferguson said that the Board will miss its previous Chairman, Trustee Porteous. Trustee Porteous was a great Chair and set the bar very high. The Board will approach that bar with great bipartisanship, teamwork and communication. Trustee Ferguson thanked President Simon for being a model for Team MSU.

Trustee Romney welcomed Trustee Owen and Trustee Perles to the Board and said that he appreciates the opportunity to work with them. It was an honor to nominate Trustee Ferguson because he will make a great Chairman and leader for the Board. It is also wonderful to have Trustee Foster as Vice Chairperson.

Trustee Romney said that he was thrilled with the meetings yesterday in Grand Rapids. There was great enthusiasm in the community of Grand Rapids and an embracing of the expansion of the Medical School. It is very exciting to be part of this and it will be exciting to see how the move continues to unfold. It is a delight to be part of Team MSU under the leadership of President Simon.

Trustee Owen said that she is looking forward to spending the next eight years at MSU.

Trustee Nugent extended a welcome to Trustee Owen and Trustee Perles and said that he was excited to be working with both of them.

Trustee McNamara said that it is great to have two new Trustees on the Board and that she looks forward to working with everyone.

Trustee Perles thanked everyone for the welcome.

Trustee Foster said that it is an honor and privilege to be elected by her peers as Vice Chairperson and that she appreciates the vote of confidence. Trustee Foster stated that the Board is a diverse and cohesive body. It is great to serve with Trustee Ferguson as Chairman.

Trustee Gonzales congratulated the new Trustees and said that she looked forward to working with everyone in the coming year.

13. Request to Adjourn

On a motion by Trustee Ferguson, supported by Trustee Foster, **THE BOARD VOTED to adjourn** at 11:25 a.m.

Respectfully submitted,

Alison E. Barber, Ph.D.
Secretary of the Board of Trustees