

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

January 13, 2006

Trustee Finance Committee and Trustee Policy Committee meetings were held in the Board Room of the Administration Building beginning at 9:30 a.m. on Friday, January 13, 2006. Minutes of the meeting are on file in the Office of the Secretary of the Board of Trustees.

President Simon called the meeting of the Board of Trustees to order at 9:40 a.m. in the Board Room.

Trustees present: Joel I. Ferguson, Dorothy V. Gonzales, Colleen M. McNamara, Donald W. Nugent, Melanie Foster, David L. Porteous, 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, June, and Webster, Associate Vice President Heil, Senior Advisor and Director Granberry Russell, and Executive Director Williams. Faculty liaisons present: Ross Emmett and Jon Sticklen. Student liaisons present: Brad Love, Robert Murphy, and Andrew Schepers.

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

1. On a motion by Trustee Nugent, supported by Trustee Gonzales, **THE BOARD VOTED to approve** the agenda.
2. On a motion by Trustee Foster, supported by Trustee McNamara, **THE BOARD VOTED to approve** the minutes of the meeting of December 9, 2005.
3. President's Report

President Simon informed the Board that, with the very short turnaround between the December and January Board meetings, academic governance had not been in session. Therefore, this month's agenda is relatively light.

President Simon affirmed that, at the opening of Spring Semester the University's enrollment projections are on target. For budgetary purposes, the University is about 270-275 students above the projection used in the

budget formulation. This reflects the strong interest in Michigan State University by some students who were offered Spring admission because of the size of the class enrolled during Fall Semester and because of very strong retention rates for undergraduate students. From an academic and a budgetary perspective, the University is in good shape in terms of the enrollment numbers and student credit hours.

President Simon noted that the newspapers have reported extensively on the recent International Summit in Washington, D.C. She was very pleased to be at the Summit and to have a chance to interact with Secretary of State Rice and Secretary of Education Spellings. President Simon indicated that Michigan State University is well known by the Bush administration staffers, who are aware of programs in which the University is directly involved. It is gratifying to know that Michigan State is well regarded because of the work of its faculty and staff, and because of the role that the University's students play internationally.

President Simon and Dr. Wilcox had an opportunity to meet Professor Chinedu Ositadinma Nebo, the Vice Chancellor of the University of Nigeria, which Michigan State helped found before their civil war. The University of Nigeria is moving Nigeria not simply toward democracy, but also toward greater integrity in terms of governmental systems. The University of Nigeria would like to reengage with Michigan State. President Simon said that these are the kind of relationships around the globe the University wants to have over a long period of time.

President Simon noted that January 16, 2006 marks the Martin Luther King, Jr. observance. Senior Advisor and Director Paulette Granberry Russell and her team, along with Vice President Lee June, have planned a series of events. President Simon asked Ms. Granberry Russell and Dr. June for comments.

Senior Advisor Granberry Russell stated that when the Board approved the cancellation of classes back in 1998, one of the expectations was that the University would engage in a range of activities that would present educational opportunities for students on campus. She believes that as in previous years, the University will achieve that goal not only on the day of the nationally recognized holiday, but on the days preceding the holiday and throughout the month of January. She hopes the President will lead the University, as she has in the past, in the annual "Into the Streets" march. The Department of Police and Public Safety will again participate in making sure that faculty, staff, and students cross all the major thoroughfares on campus safely. In addition, students, staff, and faculty will be participating in a range of activities supporting local community organizations. Academic units are hosting seminars and symposia on campus for students and community members. Senior Advisor Granberry

Russell said a community dinner has been planned with the support of Housing and Food Services. She also thanked Physical Plant for its support. Senior Advisor Granberry Russell noted the upcoming University Jazz concert on Sunday, January 15, 2006.

Vice President June stated that over the last couple of years students have become more involved, and have a daylong conference in the Union Building. Even though the program is oriented towards students, faculty, staff, and administrators would also be welcome. It will give them a chance to see how MSU students view issues, and they can see the dream being fulfilled.

President Simon observed that one of the students' activities has been to raise money for an endowed scholarship in Dr. King's name. Last year there was a formal dinner. This year students are doing a 3-on-3 basketball tournament fundraiser in the Intramural Sports Building on January 20th and January 21st which will generate contributions to the scholarship. Vice President June added that the scholarship is already endowed; however, students want to expand it.

Senior Advisor Granberry Russell asserted that the students were very successful over a two-year period in raising \$30,000.

President Simon cited that newspapers have cited a report from the State Fiscal Agencies regarding the softness that persists in the Michigan economy. President Simon noted that Vice President Webster, Vice President Gray, and Associate Vice President Hunt have been actively involved in the University's economic development efforts.

She indicated that Dr. Jeff Armstrong, Dean of the College of Agriculture and Natural Resources, was present at the meeting and noted that Extension and the Experiment Station have also been strong parts of the University's development efforts. President Simon asked Vice President Webster to talk about the University's work as well as his prognosis for the next stages of the State budget process.

Vice President Webster noted that because the state closed the prior fiscal year with a narrow surplus, by statute, Michigan State would receive additional reimbursement for the 2004-05 Executive Order. The reimbursement is set at \$2.3 million and is nonrecurring in nature.

Vice President Webster added that revenues for the State fiscal year that began in October and ends on September 30, 2006 are also on track and expected to stay in the black.

Vice President Webster said the Governor's State Budget Message will take place on February 9, 2006. At that time, the Governor will roll out her recommendations for the State Budget. The State Budget Director will have to negotiate a quarter of a billion dollars in cuts to start the process. Where the University fits in that equation is not clear at the moment.

Vice President Webster observed that State government, the Governor and Legislature, have shifted in their perception of the universities across the state from being part of the problem to being transformational. One reason for that is the technologies coming out of university laboratories, which could help transform Michigan's economy. Another reason is the work of presidents, like President Simon, who have been engaged. An example is President Simon's Prima Civitas initiative.

President Simon noted that the Development Office was ably represented at the meeting by Associate Vice President and Director of Development Marti Heil, due to Vice President Webb's illness.

Regarding the Capital Campaign, President Simon informed the Board that the University is going to close 2005 at about \$1,088,000,000. She said this puts the University in a position to reach the \$1,200,000,000 campaign goal nearer the end of 2006 than the close of the campaign in 2007. President Simon said this is an enormous credit to the entire MSU team. Faculty and staff contributions as of the end of 2005 are approximately \$61,000,000, which again leads the Big Ten. She stated that is extraordinary and gives her enormous leverage as she moves around the country.

Because of the University's strong investment returns, and with leadership from Trustee Nugent and Vice President Poston, and his team, the growth in Michigan State's endowment has actually been much better than some peer institutions. The University has moved from last in the Big Ten as of 2000, to sixth in the Big Ten currently, with \$1.3 billion in the University's endowment portfolio.

President Simon thanked Trustee Nugent, Trustee Porteous, and their colleagues on the Board for their great leadership on the investment strategy.

Because the Board agenda did not include a gift and grant report, President Simon asked Vice President Gray to introduce the faculty member presenting the research report.

Dr. Gray noted that the plant sciences program at Michigan State University is highly regarded nationally and internationally. Michigan State has an outstanding program, and its strength is reflected not only in its

reputation but also in the membership of five or six key faculty in the National Academy of Sciences.

Vice President Gray introduced Dr. Michael Thomashow and recognized Dean Armstrong.

Dr. Thomashow came to Michigan State University in 1986. He is a faculty member in both the Crop and Soil Science Department and in the Department of Microbiology and Molecular Genetics.

Dr. Thomashow is a member of the National Academy and is a University Distinguished Professor. When he came to Michigan State, he initiated a new line of inquiry into the metabolic and signaling pathways linked to the development of cold tolerance and drought tolerance in plants. In 2001 Dr. Thomashow received the prestigious Alexander Von Humboldt Award for Excellence in Research.

Professor Thomashow thanked Vice President Gray and the Board of Trustees for the opportunity to talk about his research. Professor Thomashow presented a slide presentation which focused on plant responses to abiotic stress. (See Appendix A) He said that most of his research focuses on freezing temperatures and drought as stresses. As a basic scientist, Dr. Thomashow is interested in how these plants deal with the changes in environment that occur over the year. He said that information may be applied to increasing the abiotic stress tolerance of plants. This is important because abiotic stresses, like drought and freezing temperatures adversely affect crop productivity.

Dr. Thomashow concluded his presentation by discussing the linkage of basic biology and basic science to applied science.

President Simon commented that Dr. Thomashow and his colleagues are extraordinary assets to Michigan State and the biomass economy.

Vice President Gray pointed out that that Dr. Thomashow is a strong advocate as to why we need to have multi-interdisciplinary research programs at Michigan State and why there is a need for dynamic interface between basic research and applied research.

Vice President Gay introduced Dr. Steven Pueppke. Dr. Pueppke is the new Director of the Michigan Agriculture and Experiment Station. He started work on January 1, 2006. Dr. Pueppke came from the University of Illinois. Vice President Gray said he is pleased to know that the Experiment Station is in very able hands. He reminded the Board that Dr. Pueppke brings years of experience and innovation to the Experiment Station.

Dr. Pueppke indicated that he was very pleased to be at Michigan State and to see environment/economy initiatives on the front burner. Dr. Pueppke, who attended the Honors College, received his bachelor's degree in Horticulture in 1971.

4. There was no Public Participation on Items Germane to the Agenda.
5. Personnel Actions:

Provost Kim Wilcox presented the following personnel actions:

Appointments

1. Swenson, Janet A., AY-Associate Professor, Department of Writing, Rhetoric and American Culture; Arts and Letters Writing Center, \$80,679, with Tenure, effective January 1, 2006.
2. Calabrese Barton, Angela M., AY-Associate Professor, Department of Teacher Education, \$92,250, with Tenure, effective August 16, 2006.

On a motion by Trustee Porteous supported by Trustee Ferguson, **THE BOARD VOTED to approve** the appointments.

Provost Wilcox informed the Board that Dr. Swenson received her Ph.D. in English from Michigan State University in 1998. She has served as an Assistant Visiting Professor and Academic Specialist in the Writing Center since 1994. She served in the Writing Center as Acting Director in 1999, as Associate Director from 2000-2001, and as Director beginning in 2001. For this appointment she will continue to serve as the Director of the Writing Center.

Dr. Calabrese Barton received a Ph.D. in Curriculum Teaching and Education from Michigan State University in 1995. She served as Assistant Professor in the Department of Curriculum and Teaching at Hofstra University, from 1995-1996, and then as Associate Professor of Science Education in the Department of Mathematics, Science and Technology, Teachers College, Columbia University, from 1996-1999. She was at the University of Texas and then back to Columbia University from 2001-present.

Other Personnel Actions

Esquith, Stephen L., AN-Professor and Chairperson, Department of Philosophy, to change title from Chairperson to Acting Dean, New Residential College and for a change in salary rate to \$145,000, effective July 1, 2006 to June 30, 2007.

On a motion by Trustee Romney supported by Trustee Nugent, **THE BOARD VOTED to approve** the appointments.

Provost Wilcox stated that two years ago President Simon set in motion planning for a residential college in arts and humanities to complement the University's programs in James Madison and Lyman Briggs.

Professor Esquith has been the leader intellectually (and energetically) of the residential college initiative. An Executive Summary (See Appendix B) document was distributed.

A budget for the new college will be created in the next fiscal year. At that time Acting Dean Esquith will be able to recruit faculty and move ahead in putting the pieces in place for students to arrive at the college in the fall of 2007.

Acting Dean Esquith thanked the Board for endorsing the arts and humanities at Michigan State University. The faculty envisions the new college not as a cocoon, but as a catalyst for greater advancement of undergraduate education and as a catalyst for faculty who are doing research in the arts and humanities.

6. Finance and Audit Committee

Chairperson Nugent presented the Trustee Finance and Audit Committee report and recommendations.

A. Appointment of University External Auditors

It was recommended that *Plante & Moran* be appointed as the external auditors for the 2005-2006 fiscal year at a fee of \$259,000, with the expectation that *Plante & Moran* receive annual reappointment as auditors for a total of six years, provided service, price, terms, and conditions are satisfactory.

On a motion by Trustee Nugent, supported by Trustee Foster, **THE BOARD VOTED to approve** the appointment.

Trustee Porteous asked for some background information regarding *Plante & Moran*; its presence in the Lansing community and in the State, and some of the university clients that it has.

Trustee Nugent stated that *Plante & Moran* has been focusing on university higher education, serving Wayne State University and about six universities in the state. It has many offices close by. Mr.

Nugent said the Board believes *Plant & Moran* will do a very good job and it is pleased to be able to recommend this appointment.

Trustee Porteous affirmed that Michigan State's policy has been to have its outside auditors rotate every six or seven years.

President Simon commented that the Committee spent an enormous amount of time reviewing written material and interviewing people. She thanked members of the Committee for their efforts.

B. Bids and Contract Awards

1. It was recommended that the Board of Trustees approve the award of a contract in the amount of \$514,000 to *Christman Constructors, Inc.* and the establishment of a budget in the amount of \$810,000 for the project entitled: Spartan Stadium – Level 200 Career Services Build-Out.

On a motion by Trustee Nugent supported by Trustee Ferguson, **THE BOARD VOTED to approve** the recommendation.

Vice President Poston reminded the Board of discussions at earlier Board meetings about the build-out arrangement in Spartan Stadium. The construction would occur on the 2nd floor, the 200 level, of the Stadium, the area on the northern end of the tower.

Vice President June stated that, five years ago, his department reviewed the University's whole model of service delivery by the Career Services and Placement unit. After looking at best practices, Career Services changed from a centralized to a distributive model. This move will allow Career Services to have three offices on campus.

Ms. Theda Rudd, Associate Director said the Career Services and Placement Center would focus on media, technology, and science. Specifically, this Center would serve the College of Agriculture and Natural Resources, the College of Natural Science, the College of Engineering, and the College of Communication Arts and Sciences.

Trustee Porteous asked Ms. Rudd to talk about why that location was chosen, as opposed to other potential locations.

Ms. Rudd replied that her department spent a number of years looking at potential locations for the Career Services and Placement Center. They wanted something that was central to campus and central to the colleges. Ms. Rudd said the Center's relationship with the other units located in Spartan Stadium, Development, the MSU Foundation and the Alumni Association -- helps those units work together to interact with employers and companies that come to campus. She said Career Services conducted over 18,000 interviews on campus last year.

Vice President Poston pointed out that, many times people look at the Stadium addition as an athletic complex, but it is a great example of a broad vision.

President Simon reiterated that the Department of Intercollegiate Athletics paid for all of the steel and the structure that will support this project. She added that having the Development office back on campus is going to develop greater synergy with the Alumni Association and Development.

Associate Vice President Heil informed the Board that Development's moving date is February 16, 2006. Development will be working to get furniture and computers set up to meet the moving deadline. She said Development hopes to be functional by February 20th.

2. It was recommended that the Board of Trustees approve the award of a contract in the amount of \$568,888 to *Moore Trosper Construction Company* and the establishment of a budget in the amount of \$725,000 for the project entitled: Research Complex Engineering – Renovations to C16E & C18.

On a motion by Trustee Nugent supported by Trustee Ferguson, **THE BOARD VOTED to approve** the recommendation.

Assistant Vice President Ron Flinn mentioned that *Moore Trosper* has worked on campus for approximately 30 years and is very well known in the area. He said it recently renovated Mason Abbott Hall, a \$5 or \$6 million project.

3. It was recommended that the Board of Trustees approve the award of a contract in the amount of \$1,904,000 be awarded to *Irish Construction Company, Inc.*, and the establishment of a budget in the amount of \$2,450,000 for the project entitled: Erickson Hall Addition – Phase 3.

On a motion by Trustee Nugent supported by Trustee Ferguson, **THE BOARD VOTED to approve** the recommendation.

Dean Carol Ames commented that the proposed space would help the College of Education house research projects. She said that many of the research projects are very collaborative in the College of Education; they are catalysts for each other. For example, the US-China Center works very closely with the National Science Foundation Center. These collaborations have led to expansion in external grant awards.

Trustee Porteous asked how much the grants have increased over the past couple of years.

Dean Ames responded that since 2003, the College of Education has received approximately \$62 million in externally funded research projects and nearly \$17 million in research expenditures each year. She expects that to increase to nearly \$24 million in research expenditures a year. Three of the programs in the College of Education are ranked number one nationally and a total of eight programs are in the top ten nationally.

Trustee Foster added that, last month, she toured the latest renovation of space in the College of Education, which is a state-of-the-art facility.

Vice President Poston clarified that this was the third addition to the facility.

4. It was recommended that the Board of Trustees approve the award of a contract in the amount of \$618,300 to *Bornor Restoration, Inc.* and the establishment of a budget in the amount of \$755,000 for the project entitled: Munn Ice Arena – Roof Replacement.

On a motion by Trustee Nugent supported by Trustee Romney, **THE BOARD VOTED to approve** the recommendation.

Trustee Nugent mentioned that Munn Ice Arena was built in 1974 and the membrane roof is over 30 years old.

Assistant Vice President Flinn told the Board that the new roof would have a longer life span of approximately 50 years.

5. It was recommended that the Board of Trustees approve the award of a contract in the amount of \$519,890 to *Nielsen Commercial Construction Co., Inc.* and the establishment of a budget in the amount of \$655,000 for the project entitled: Clinical Center – Elevator Jack Replacement.

On a motion by Trustee Nugent supported by Trustee Romney, **THE BOARD VOTED to approve** the recommendation.

C. Marshall Adams Hall – Amended Budget

It was recommended that the construction budget for the project entitled Marshall Adams Hall Renovations, which was approved by the Board on May 7, 2004, be increased by \$100,000 from \$6,857,700 to \$6,957,700.

On a motion by Trustee Nugent supported by Trustee Ferguson, **THE BOARD VOTED to approve** the recommendation.

Vice President Poston noted that the Board is rarely asked to amend a budget. In this instance, however, several unanticipated problems arose during construction. For example, a few old wooden beams had rotted and needed to be replaced with steel beams. Another costly problem was that when the contractor began to drill the elevator shaft, huge rock boulders had to be removed.

D. Revised University Club Subordination and Reverter Agreement

It was recommended that the Board of Trustees approve and authorize execution of the Restated Subordination and Reverter Agreement between the University Club of Michigan State University, the Board of Trustees of Michigan State University, and LaSalle Bank Midwest National Association, substantially in the form requested by the Board of Directors of the University Club of Michigan State University by Resolution dated December 15, 2005.

On a motion by Trustee Nugent supported by Trustee Romney, **THE BOARD VOTED to approve** the recommendation.

Vice President Poston informed the Board that the land underlying the University Club facilities formerly belonged to the University. The land was given to the University Club, on the condition that it uses the land and facilities as a University Club. If the University Club ceased such use, the land and the facilities would revert to the University.

In a series of agreements the University agreed to subordinate its reverter interest to bank liens securing indebtedness incurred by the University Club. The agreements limit the amount of debt the University Club may secure with the land and facilities, and the maximum in effect now is \$1.7 million. The current University Club debt is about \$600,000. Vice President Poston noted that the University Club has been doing quite well with its recent upgrades and in supplying food service for the Henry Center for Executive Development.

The Office of Investments and Financial Management has looked at the University Club's financial statements and believes that it is capable of paying its debt. The recommendation is that the debt limit be raised to \$3 million, as requested by the University Club board.

Trustee Romney explained that in the event of a default by the University Club on its bank loan, the risk that the University would have would be the need to pay the amount outstanding on that loan, (now capped at \$3 million) if the University wished to retain its right to the University Club land and facilities. The University Club can borrow whatever it wants, but the University would have no responsibility for any University Club debt in excess of \$3 million in order to retain its reverter rights.

Vice President Poston said that in the interest of full disclosure, a list of MSU employees that are currently associated with the board of the University Club is attached to the background for the recommendation. These MSU employees were not engaged in any aspects of the decisions towards the recommendation. (See Appendix E)

7. Policy Committee

Trustee McNamara presented the Trustee Policy Committee report and recommendations.

A. Approval of Contract Terms and Conflict of Interest Management

It was recommended that the Board of Trustees approve the administration's recommendation for execution of license agreements with *Biopolymer Innovations, LLC*, consistent with earlier public notice given at a Board meeting and with the "License Term Sheet" presented to the Board for inclusion in its minutes. (See Appendix C)

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

B. Delegation of Authority: Provost's Office Positions

It was recommended the Board of Trustees approve a resolution regarding Delegation of Authority for Provost's Office Positions. (See Appendix D).

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

Provost Wilcox said that titles for senior administrators in the Provost's Office at Michigan State are inconsistent with those at other institutions around the country. Most other major universities have a larger complement of Associate Provosts.

The Board has retained authority to appoint the Associate Provost at Michigan State University. The proposal would delegate authority to appoint Associate Provosts to the President and create a new position, of Senior Associate Provost, which would be akin to the Associate Provost position now in the University. The Board would retain the authority to appoint individuals to the primary position, that of Provost, and to the second position, that of Senior Associate Provost, delegated to the President.

Provost Wilcox indicated that he does not plan to change salaries in connection with the change in titles. The proposal is an attempt to bring Michigan State into line with other universities, with an eye toward future recruitment. Provost Wilcox said that, in addition to recruiting a Senior Associate Provost, he intends to begin a search soon for a lead person in human health affairs.

President Simon asked Professor Sticklen if he had any comments on behalf of the Executive Committee of Academic Council.

Professor Sticklen said the University governance system was supportive of the entire set of ideas presented by Provost Wilcox.

8. Chairman's Report

Trustee Porteous extended thanks and appreciation to the Finance and Audit Committee on behalf of the Board for spending a great deal of time on the search for new auditors.

Trustee Porteous observed that Trustee Cook's attendance has been excellent at the Board meetings. She is a strong and enthusiastic supporter of the University and takes tremendous pride in her excellent attendance. Her absence today is due to an illness in her family.

Club Passes for Emeriti

Trustee Porteous stated that he would like support from the Board to allow Trustee Emeriti to have two passes in the Club area of the Football Stadium during football games. Trustee Porteous said he believes this would be greatly appreciated especially during cold weather. It does not take up seating but it would allow Emeriti to have access to the Club section. Trustee Porteous requested a sense of the Board on this issue prior to introducing it to the Policy committee for deliberation.

Trustee Nugent said he would endorse the concept that two passes be given to Trustee Emeriti allowing them access to the Club area of the Football Stadium. Trustee McNamara seconded it.

President Simon asked for comments.

Trustee Gonzales asked if there would be enough room for everybody. Would the former trustees have to stand?

President Simon said that it is her understanding this is access to the Club area and not an assignment of seats.

President Simon called for a vote. The Trustees voted unanimously to support.

President Simon's Compensation

Trustee Porteous reminded the Board that, as its Chairman, he had appointed a working committee chaired by Trustee Romney to review the President and presidential compensation. He asked Trustee Romney to provide a report.

Trustee Romney thanked the members of the working committee, Trustee Foster and Trustee Ferguson, for an enormous amount of effort and work in helping to prepare the report.

The committee reviewed the President's performance during her first year of service and determined that her service was excellent in all areas. This was evident in the way that she has worked with the Board, faculty, and students. It is also evident in a number of the initiatives in Boldness by Design. The University has raised over a billion dollars in the Capital Campaign. Her efforts to advance the campaign have been excellent.

President Simon's knowledge of so many areas of the University has been outstanding, as well as her work in moving the Grand Rapids initiative process forward. President Simon makes an effort to find ways to ensure that those in need have access to the University. She leads the University in finding ways to use the tuition increases to make certain it provides additional scholarship funds for those in need. Her work with the Legislature and with the administration is outstanding.

The committee thinks President Simon has done an excellent job that would entitle her to a merit increase, which the Committee determined would be significant. Trustee Romney said that a year ago, when the Board established President Simon's compensation, the Trustees determined that they wanted the compensation of the president of Michigan State University to be in the mid-range of the Big Ten universities, and to be comparable to universities of this quality. The Board now realizes that this target was not reached.

As evidence of that, on November 18, 2005, *the Chronicle of Higher Education* published an Executive Compensation Report, which shows the compensation of public universities. The report contained all the Big Ten universities as well as president's of other universities across the country. This report applies to 2004 and not 2005.

In looking at this information, the committee determined the President's compensation was low. It falls tenth in the Big Ten. The committee felt that Michigan State needed to be in the mid-range. With that in mind, the committee is recommending a compensation increase from \$340,000 to \$425,000, an \$85,000 increase.

Several other factors are relevant. One is that so many of these other Presidents have disguised or deferred types of compensation, which are partially captured by the Chronicle Report. Some universities provide other benefits to their presidents that are not published. In contrast, President Simon receives no hidden forms of compensation.

A number of the presidents in the report sit on private corporate boards and receive compensation in that manner. President Simon has determined that her responsibility to the University is such that she does not want to take that kind of position. She believes it would not enhance her ability to serve as president of Michigan State. However, President Simon will continue her involvement in other charitable and public service activities appropriate to the University's mission.

With this increase, seven of the eleven Big Ten Universities will provide more compensation to their presidents than Michigan State. The

Committee feels that this market-based adjustment is necessary at this time for the president of Michigan State University.

Trustee Foster added that the committee jointly established a list of goals for future benchmarking to evaluate the President's performance over the next two years.

Trustee Romney read a resolution prepared by the Committee and signed by the Board of Trustees (See Appendix D).

On a motion by Trustee Porteous, supported by Trustee Ferguson, **THE BOARD VOTED to approve** the resolution.

Trustee Porteous pointed out that Trustee Cook has expressed her complete and full support of this resolution although she is not able to be here to vote on it.

Dr. Potchen interjected that he strongly supports the increase and thinks President Simon is undercompensated. He said the University is trying to get faculty salaries in line with other Big Ten universities and felt the University should do the same for Michigan State's President.

President Simon said that it is typical for boards to do a performance assessment and salary review. It is not something she requested, nor did she feel the review of compensation was necessary. The faculty, in terms of total compensation, is near the middle of the Big Ten, which has been Michigan State's target. She said she appreciates the fact that the Board considers the presidency in that way, because a competitive presidential compensation package is not simply for her, but for the University nationally, as it recruits future presidents.

President Simon stated that she and her husband, Dr. Roy Simon, have decided to donate back to the University the after tax portion of the raise, which are the dollars that she would actually receive. Arrangements have been made with Vice President Webb. Vice President Denbow has given an announcement to the press as well.

Associate Vice President Heil affirmed the Simons' commitment. She said that on behalf of University Development and Team MSU, she is delighted to acknowledge and accept the Simons' generous contribution. The Simons' leadership has spanned more than 30 years at this great institution. They have held academic and administrative leadership positions, they have given of their time, their energy, and their commitment, and through this 30-year span they have most generously supported and contributed to this great institution.

This most recent gift simply underscores the Simons' belief in the future of Michigan State University and also their commitment to philanthropy. At the conclusion of 2005 calendar year, their cash contributions total in excess of \$500,000 and those financial contributions and their investment at Michigan State have had a broad and deep impact all over campus. Associate Vice President Heil said she is delighted to recognize the Simons and their giving at the Shaw Society Level and she expressed the University's sincere appreciation for this philanthropic financial investment by both President Simon and Dr. Roy Simon.

President Simon said her husband is a strong partner in this action. Because of the timing of the Board's action, this additional gift will be made in the 2006 calendar year.

11. Trustees' Comments

Trustee Ferguson acknowledged that Lou Anna Simon hasn't been president long, but he feels she has done a great job. She is very charismatic, but also knowledgeable. He believes that President Simon is underpaid. Michigan State University has to make certain that its key administrators' salaries are at the levels of those paid by sister universities and other major universities in the Big Ten and the nation.

Trustee Ferguson also congratulated Trustee Romney for putting together the salary presentation and for being a good leader.

Trustee Gonzales said President Simon has been a good role model and mentor and someone that she can call on. She believed President Simon has done a great job and stated that the best is yet to come.

Trustee McNamara said her vote on the salary increase was wholehearted and enthusiastic. She appreciates what President Simon has done so far.

Trustee Foster concurred with the other Trustees' statements. She added that the Trustees had an excellent meeting this morning with the Student Liaison Committee. They had a good dialogue concerning Michigan State's existing and newly renovated intramural facilities, as well as additional future non-academic student amenities on campus. She encouraged the student body to participate in a survey that will be given over the next couple of months. She said the Board would then have a better sense of the projects on which it should spend limited resources.

Trustee Nugent thanked the President for her hard work this year. He also thanked and praised the faculty and staff for their generosity in the

Capital Campaign. He said giving back to the University is truly commendable.

Trustee Romney thanked the compensation committee members for their input. He thanked President Simon for her inspired leadership. He said Michigan State University inspires all of us. The efforts of this University in helping underdeveloped countries and the role that it has played in the underdeveloped world from as far back as when he was a student to the present time is really inspiring.

12. There was no Public Participation on Issues Not Germane to the Agenda.

13. An Executive Session was not requested.

On a motion by Trustee Nugent, supported by Trustee Romney, **THE BOARD VOTED to adjourn** at 11:37 a.m.

Respectfully submitted,

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