

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

December 7, 2007

President Simon called the meeting of the Board of Trustees to order at 9:35 a.m. in the Board Room.

Trustees present: Joel Ferguson (via telephone), Melanie Foster, Colleen McNamara, Donald Nugent, Faylene Owen and George Perles.

Trustees absent: Dorothy Gonzales and 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, Webster and Webb, Senior Advisor and Director Granberry Russell, and Executive Director Beekman. Faculty liaisons present: Jim Potchen, David Solomon and Catherine Yansa. Student liaisons present: Eric Hinojosa, Michael Leahy, Yanisleidy Reina and Connie Zheng.

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

1. On a motion by Trustee Owen, supported by Trustee Foster, the **BOARD VOTED to approve** the agenda.
2. On a motion by Trustee Nugent, supported by Trustee McNamara, the **BOARD VOTED to approve** the minutes of October 26, 2007.
3. GPA Award Presentations

Trustee Foster presented GPA awards to the following students:

1. Folco Gibellini, Lausanne, Italy—Major: Marketing; 4.0 GPA
2. Brandon G. Gulker, Holland, MI—Major: Mechanical Engineering; 3.9814 GPA
3. Matthew J. Hasho, Okemos, MI—Major: Political Theory and Constitutional Democracy; 3.9805 GPA
4. Garret R. Mausolf, Bad Axe, MI—Major: Accounting; 3.9579 GPA

5. Jamie E. David, West Bloomfield, MI—Major: Physiology; Member of the Honors College; 3.9571 GPA
 6. Chuqiao Zeng, Belize City, Belize—Major: Accounting; 3.9568 GPA
4. President's Report
 - A. Commencement

President Simon said that the three commencement speakers are proof that access to education means access to the world and beyond. Biologist Ian Wilmut will address candidates for advanced degrees. Peter Löscher, CEO of Siemens, and Winston E. Scott, former NASA astronaut, will address the undergraduate candidates. Their inspirational messages about their varied experiences will give graduating students a vision of what the future can hold for them as they leave MSU to make their own marks on the world.

- B. Michigan Transfer Network

President Simon stated that the Michigan Transfer Network, a new statewide online program to transfer courses from community colleges to four-year schools, debuted this month. The Network was created through a partnership with the Michigan Association of Collegiate Registrars and Admissions Officers and MSU. The system is designed to help students make choices regarding classes that transfer in order to meet their goals. Dr. Linda Stanford, Associate Provost for Academic Services, and Mr. David Gift, Vice Provost for Libraries, Computing, and Technology, were instrumental in putting this together.

- C. MSU Nanotechnology Research Nets Nano 50 Award

President Simon stated that XG Sciences, a start-up company headquartered in East Lansing and led by Michael R. Knox, was named a winner in the third annual *Nanotech Briefs* Nano 50 awards program. A new nanotechnology material developed at MSU enabled XG Sciences to receive the award. This new material is the result of several years of research led by Dr. Lawrence Drzal, University Distinguished Professor in the Department of Chemical Engineering and chief scientist at XG Sciences. This is a great example of how student and faculty research conducted at MSU can make a positive economic impact and be a technological benefit to Michigan.

D. MSU's Grand River Parking Ramp Awards

President Simon said that MSU's Grand River Avenue parking ramp was recently selected for an Engineering Excellence Award by the American Council of Engineering Companies and the Michigan Society of Professional Engineers 2008 Engineering and Surveying Excellence Awards program. President Simon congratulated Vice President Poston and his team for receiving this honor.

E. 2008 Marshall Scholar

President Simon asked Dr. Cynthia Jackson-Elmore, Dean of the Honors College, to introduce MSU's 2008 Marshall Scholar.

Dean Jackson-Elmore said that in 1953, the Marshall Commission established a special scholarship in appreciation for all the assistance that the United Kingdom had received after World War II. This scholarship allows recipients to study for up to three years in any British university. This year, 37 students will receive scholarships, including one MSU student, Ms. Monica Mukerjee. Ms. Mukerjee has been active in community service, a leader in alternative spring breaks, and a Truman Scholar. She exemplifies scholarship and excellence.

Ms. Mukerjee stated that she will be studying at Oxford and the University of London.

F. Dubai Trip

President Simon asked Vice President Hudzik to introduce the new Executive Director and head of MSU in Dubai.

Vice President Hudzik said that Dr. Brendan Mullan, Associate Dean in the College of Social Science, has agreed to serve as the inaugural Executive Director of MSU in Dubai. Dr. Mullan is a highly regarded scholar and expert in demography, specializing in migration. He has had appointments at Oxford University, the University of Aegean in Greece, and the University of Virginia. Dr. Mullan led the United Nations Economic Commission Development Study in the Ukraine, Poland, and Lithuania. He is currently a tenured faculty member of the Department of Sociology and Director of the Integrative Studies Centers at MSU. Dr. Mullan will provide excellent leadership for the start-up and build-out of MSU in Dubai.

Dr. Mullan stated that he was honored to be named Executive Director of MSU in Dubai. There will continue to be an emphasis on the education, outreach, and research excellence that have become the hallmark of MSU as the nation's premier land grant university. It is critical that MSU's programs and presence in Dubai reflect the University's values of quality, inclusiveness, and connectivity. The MSU in Dubai initiative will help establish MSU as a world class model for global engagement and dedication to advancing knowledge and transforming lives.

5. There was no Public Participation on Issues Germane to the Agenda.
6. Personnel Actions

Provost Wilcox presented the following appointment:

Sharkey, Thomas D., AY—Professor, Department of Biochemistry and Molecular Biology, \$139,500, with Tenure, effective February 16, 2008.

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

Provost Wilcox said that Professor Sharkey has been on the faculty at the University of Wisconsin at Madison since 1987. He is an expert in plant-atmosphere interactions and the biochemistry and biophysics that underlie those interactions. Dr. Sharkey is a graduate of MSU's Lyman Briggs College and received a Ph.D. from MSU in Botany and Plant Pathology.

THE BOARD VOTED to approve the appointment.

Provost Wilcox presented the following personnel actions:

Violin Wigent, Anne M., promotion to Associate Professor, Department of French, Classics and Italian.

McKnight, Dale Harrison, promotion to Associate Professor, Department of Accounting and Information Systems.

Corser, William D., promotion to Associate Professor, College of Nursing.

Shevchenko, Andrei Leonidovich, promotion to Associate Professor, Department of Economics.

Trustee Foster **moved to approve** the recommendations, with support by Trustee Owen.

THE BOARD VOTED to approve the recommendations.

President Simon presented the following personnel action:

Beekman, William R., AN—Consultant, Offices of the Provost and Vice President for Finance and Operations and Treasurer, to change title to Secretary of the Board of Trustees and Executive Assistant to the President and for a change in salary to \$200,000, effective January 1, 2008.

Trustee McNamara **moved to approve** the recommendation, with support by Trustee Owen.

President Simon said that MSU has been well served to have Dr. Alison Barber as Secretary of the Board of Trustees and Executive Assistant to the President for the past two and a half years; however, her real love is teaching. She will be returning to the faculty of the Eli Broad College of Business. President Simon said she hoped that everyone would join her in acknowledging Dr. Barber's outstanding performance.

President Simon stated that MSU is fortunate to have someone who has played a variety of roles at the university to replace her. Bill Beekman has been involved with the College of Human Medicine, the MSU HealthTeam and the Office of the Provost, and is currently Executive Director of the Alumni Association. Mr. Beekman has performed these duties with a real love of MSU and professional distinction. It is recommended that Mr. Beekman be named the next Secretary of the Board of Trustees and Executive Assistant to the President.

Trustee Owen said that Mr. Beekman is a wonderful asset to MSU and it will be an honor to work with him.

THE BOARD VOTED to approve the recommendation.

7. Gifts, Grants, and Contracts

Vice President Gray presented the Gifts, Grants, and Contracts Report for the period of August 31, 2007 through November 21, 2007. The total value for this period is \$75,291,684.47.

Trustee McNamara **moved to approve** the report, supported by Trustee Foster.

Vice President Gray said that federal grant funding has increased by 57 percent and he is encouraged by the return results to date.

Trustee Owen asked how this related to funding totals from last year.

Vice President Gray stated that MSU has maintained the level of funding from last year. Overall for this year, MSU is up by 25 percent when compared to last year. Federal funds have increased by 57 percent while State funds have decreased by 77 percent. The decrease in State funds is due to the fact that the Wired grant was given in one lump sum last year even though it is a five-year project. The encouraging factors are that Federal funds have increased, the number of grants awarded has increased, and more importantly, the number of grants submitted has increased.

THE BOARD VOTED to approve the Gifts, Grants, and Contracts Report.

Vice President Gray introduced Dr. Pam Whitten, Associate Dean of Graduate Education in the College of Communication Arts and Sciences, for the research presentation. Dr. Whitten discussed telemedicine as healthcare's new frontier. (Appendix A)

8. Finance Committee

Trustee Nugent presented the Trustee Finance Committee Report and recommendations.

A. New Investment Manager—Fir Tree Partners

It was recommended that the Board of Trustees select Fir Tree Partners as an absolute return manager.

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

THE BOARD VOTED to approve the recommendation.

B. New Investment Manager—Shumway Capital Partners LLC

It was recommended that the Board of Trustees select Shumway Capital Partners LLC as an absolute return manager.

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

THE BOARD VOTED to approve the recommendation.

C. Long-Term Property Lease—Sherman Lake YMCA Outdoor Center, Kalamazoo County

It was recommended to the Board of Trustees that it approve granting a 30-year property lease for approximately 40 acres at Brook Lodge to the Sherman Lake YMCA Outdoor Center in Augusta, Michigan, for \$1.00 annual rent and upon such other terms and conditions as may be acceptable to the Vice President for Finance and Operations and Treasurer.

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

Vice President Poston said that the Sherman Lake YMCA has used property at Brook Lodge for many years. In order for the YMCA to borrow money for a construction project, the bank requires it to have a long-term lease for a portion of the property. Therefore, a 30-year lease is being recommended. The YMCA leased property location will not have an effect on the University's ability to sell the remainder of the Brook Lodge should it choose to do so in the future. In addition, the YMCA property is located on the outer borders of the Brook Lodge property.

THE BOARD VOTED to approve the recommendation.

D. Acceptance of Donation of Land and Buildings in Holland, Michigan

It was recommended to the Board of Trustees that the administration be authorized to accept from Parke, Davis & Company LLC (the "Donor") the gift of a nine-acre parcel of land in Holland, Michigan, including the research and development facility and pilot plant standing upon it, and to negotiate and enter into agreements, apply for and obtain permits, licenses, and other governmental approvals, and make such filings, as are necessary or appropriate to effectuate the transfer of the gift from the Donor to the University.

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

Vice President Gray said that this is a wonderful opportunity for MSU to develop an embedded research program using the facility to bring together key researchers, current and prospective faculty, and corporate partners. He acknowledged the efforts of Dr. Paul Hunt, Associate Vice President for Research, in developing the vision for this project and bringing together the necessary people to make this a reality.

President Simon acknowledged the great work of Lakeshore Advantage and Mr. Randy Thelen for spearheading the economic development in the region and helping MSU move this concept forward. In addition to enormous community support, Mr. Jim Brooks and his colleagues deserve many thanks for their significant fund-raising efforts.

THE BOARD VOTED to approve the recommendation.

E. Authorizations to Plan

It was recommended to the Board of Trustees that it authorize the administration to plan for the project entitled Kellogg Biological Station (KBS) Pasture Based Dairy Facility.

It was recommended to the Board of Trustees that it authorize the administration to plan for the project entitled Holden Hall—Space Improvements.

It was recommended to the Board of Trustees that it authorize the administration to plan for the project entitled WKAR—New Tower and Broadcast Antennas.

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

THE BOARD VOTED to approve the recommendations.

F. Project Approvals—Authorization to Proceed

It was recommended to the Board of Trustees that it authorize the administration to proceed with the project entitled West Circle Housing Complex—Steam, Electrical, and Water Distribution Enhancements—Phase I, and to approve a budget of \$10,300,000.

It was recommended to the Board of Trustees that it authorize the administration to proceed with modifications that result in a material change to the campus footprint for the project entitled Case Hall—Loading Dock Addition (footprint change).

It was recommended to the Board of Trustees that it authorize the administration to proceed with the project entitled Spartan Stadium—East Upper Stand Maintenance and to approve a budget of \$2,000,000.

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

THE BOARD VOTED to approve the recommendations.

- G. Bid and Contract Award (budget adjustment) Holden Hall—Elevator Replacement

It was recommended to the Board of Trustees that a contract in the amount of \$1,050,000 be awarded to Kares Construction Co., Inc., and the budget be increased from \$1,000,000 to \$1,300,000, for the project entitled Holden Hall—Elevator Replacement.

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

THE BOARD VOTED to approve the recommendation.

9. Policy Committee

Trustee McNamara presented the Trustee Policy Committee Report and recommendations.

- A. Notice of Intent to Negotiate a Contract with *Digital Flow Technologies, Inc.*, a Company in which a Faculty Interest Exists

Pursuant to State law, a public notice to the full Board of the University's intent to negotiate contracts with *Digital Flow Technologies, Inc.*, a Michigan corporation based in East Lansing. Dr. John Foss, a faculty member in the Department of Mechanical Engineering, has an ownership interest which exceeds 1% of the company.

- B. Notice of Intent to Negotiate a Contract with *Zeeland Bio-Based Products, LLC*, a Company in which a Faculty Interest Exists

Pursuant to State law, a public notice to the full Board of the University's intent to negotiate contracts with *Zeeland Bio-Based Products, LLC*, a Michigan limited liability company based in Zeeland. Dr. Ramani Narayan, a faculty member in the Department of Chemical Engineering and Material Sciences, has an ownership interest which exceeds 1% of the company.

- C. Notice of Intent to Negotiate a Contract with *Katharos Research Technologies, Inc.*, a Company in which a Faculty/Staff Interest Exists

Pursuant to State law, a public notice to the full Board of the University's intent to negotiate contracts with *Katharos Research Technologies, Inc.*, a Michigan S-corporation based in East Lansing. Dr. Lori Post, a faculty member in the Department of Telecommunication, Information Studies and Media, and Dr. Robert Fulk, an academic specialist in the Department of Telecommunication, Information Studies and Media, each own, or have options to buy, an ownership interest which exceeds 1% of the company.

D. Notice of Intent to Negotiate a Contract with *Intermediary Biochemicals, LLC*, a Company in which a Faculty Interest Exists

Pursuant to State law, a public notice to the full Board of the University's intent to negotiate contracts with *Intermediary Biochemicals, LLC*, a Michigan limited liability company based in Okemos. Dr. J. Gregory Zeikus, a Professor in the Department of Biochemistry and Molecular Biology, and Dr. Robert M. Worden, a Professor in the Department of Chemical Engineering & Materials Science, each own, or have options to buy, an ownership interest which exceeds 1% of the company.

E. Notice of Intent to Negotiate a Contract with *Star Tech*, a Business in Which a Staff Interest Exists

Pursuant to State law, a public notice to the full Board of the University's intent to negotiate contracts with *Star Tech*, a sole proprietorship based in Williamston, Michigan. The spouse of John Brandon, a staff engineer in the National Superconducting Cyclotron Laboratory, is the sole proprietor of *Star Tech*. *Star Tech* intends to employ Mr. Brandon to perform services on its behalf under any contracts negotiated with the University.

F. Approval of Contract Terms: *TCH Pharmaceuticals, Inc.*

It was recommended to the Board of Trustees that it approve the execution of a research contract with *TCH Pharmaceuticals, Inc.*, consistent with earlier public notice given at a Board meeting and with the "Research Contract Term Sheet" presented to the Board. (Appendix B)

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

THE BOARD VOTED to approve the recommendation.

G. Approval of Lease Terms: Thomas Galecka & Timothy Dietz

It was recommended to the Board of Trustees that it approve the execution of a lease agreement with Thomas Galeka, consistent with the Lease Term Sheet presented to the Board. (Appendix C)

It was recommended to the Board of Trustees that it approve the execution of a lease agreement with Timothy Dietz, consistent with the Lease Term Sheet presented to the Board. (Appendix D)

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

THE BOARD VOTED to approve the recommendations.

10. Compensation Committee

Trustee Foster presented the following resolution: (Appendix E)

Whereas, the Trustees are uniform in their support of President Lou Anna Kimsey Simon and her leadership of the University; and

Whereas, President Simon's leadership and dedication are widely recognized both within and beyond the MSU community; and

Whereas, President Simon continues to excel on established performance criteria; and

Whereas, the Board is committed to conducting an annual review of Dr. Simon's salary under Section 4a of the contract between Dr. Simon and the Board; and

Whereas, consistent with the University's goals regarding faculty compensation, it is the intention of the Board to keep the total compensation of MSU's president in the mid-range among the presidents of the public universities in the Big Ten and at other comparable institutions; and

Whereas, competitiveness in total compensation requires attention to salary levels and to benefit packages offered by comparable institutions;

Now, therefore, be it resolved that the Board establishes an annual salary of \$520,000 per year for Dr. Simon; and be it further resolved that this

salary increase shall be made retroactive to October 1, 2007, the same date that salary increases for faculty and executive managers went into effect for the 2007-08 academic year; and be it further resolved that the University shall fund a personal long-term care policy for Dr. Simon and her spouse, and that the Employment Agreement between the Board of Trustees and President Simon be modified to include this benefit, as indicated on the attached Second Amendment to Employment Agreement; and be it further resolved that the Board authorizes the Chairperson of the Board to execute the attached Second Amendment to Employment Agreement on behalf of the Board. (Appendix F)

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

Trustee Foster said that the Compensation Committee met in November to review President Simon's compensation. The Committee established eight criteria to use when assessing the President's performance. Student and faculty liaisons to the Board as well as vice presidents of the university were interviewed regarding their evaluation of President Simon's performance relative to the established criteria. The result was overwhelming support and recognition of President Simon's achievements.

Trustee Nugent said that President Simon has done an excellent job and has the full support of the Board.

Dr. Jim Potchen, faculty liaison to the Board, said that the faculty members fully endorse President Simon.

Trustee Perles stated that President Simon has done a wonderful job of re-organizing the Department of Intercollegiate Athletics.

Mr. Eric Hinojosa, student liaison to the Board, thanked President Simon for her outstanding leadership.

President Simon thanked everyone for their kind words. She noted that this is an acknowledgement of the accomplishments of Team MSU.

11. Trustee Comments

Trustee Ferguson said that President Simon has been wonderful in her leadership of MSU. He is pleased to be able to reward her for a job well done.

Trustee Foster said she would like to recognize all of the graduates and wish them congratulations. She also acknowledged the hard work and

diligence of Coach Dantonio and Athletic Director Designate Mark Hollis in a successful MSU football season and MSU's placement in the Champs Bowl on December 28, 2007. Trustee Foster thanked Dr. Barber for her hard work over the past two and a half years. Dr. Barber has been the behind the scenes facilitator that kept the Board on task and has been a pleasure to work with.

Trustee Perles said that MSU is in good shape considering the difficult economic circumstances in the State of Michigan.

Trustee McNamara said that she echoed what her colleagues have said.

Trustee Nugent thanked Dr. Barber for serving MSU as Secretary of the Board. He wished her well as she returns to MSU's Eli Broad College of Business. Trustee Nugent said that Mr. Beekman has a proven ability to work professionally in many areas of the university and he looks forward to working with him.

Trustee Owen said that she has been awestruck by President Simon. She has such a love of MSU and it is an absolute honor to serve with her.

12. Public Participation on Other Issues

A. MSU Student Housing Cooperative

Mr. Chris Matus, President of the MSU Student Housing Cooperative, said that the Cooperative is a non-profit corporation that was started in the 1930's through the efforts of faculty and students at MSU. Mr. Matus said that he was speaking on behalf of the 194 students involved with the Cooperative. An individual is interested in purchasing the Cooperative's house located at 420 Evergreen. This individual has said that he will be contacting the Board members regarding the possible sale. Mr. Matus urged the Board to keep the Cooperative members involved in any conversations it may have with regard to the sale of one of their houses.

B. Peace Education Center

Mr. Chris Singer, Executive Board member of the Peace Education Center, said that he was very encouraged by the Board possibly making a public statement regarding the Young Americans for Freedom and the remarks of the speakers they have hosted at MSU. Mr. Singer pointed out that the various guests have presented ideas that are not in alignment with the ethics and core values of the MSU community at large. Mr. Singer asked the Board

to consider making this statement an agenda item at an upcoming meeting.

13. Request to Adjourn

On a motion by Trustee Ferguson, supported by Trustee Foster, **THE BOARD VOTED to adjourn** at 11:05 a.m.

Respectfully submitted,

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