MEMORANDUM

To: Committee on Audit, Risk and Compliance
From: Brian Quinn
General Counsel and VP for Legal Affairs
Subject: Policy 02-07-03 (Settlement of Claims and Litigation)

RECOMMENDATION
The Trustee Committee on Audit, Risk and Compliance recommends that the Board of Trustees approve adoption of a new Policy 02-07-03 (Settlement of Claims and Litigation) included as Attachment A hereto.

RESOLUTION
BE IT RESOLVED, that the Board of Trustees of Michigan State University hereby approves the adoption of Policy 02-07-03 (Settlement of Claims and Litigation) included as Attachment A hereto.

BACKGROUND
Pursuant to Article 4 of the Bylaws of the Board of Trustees of Michigan State University, the General Counsel is authorized “to execute all legal documents including those required for purposes of litigation and/or court proceedings.” Currently, there is no formal requirement for Board involvement in the settlement of a claim or litigation aside from the Board’s general authority over university funds. This policy establishes specific requirements for reporting, consent, and oversight of the settlement of a claim or litigation, and reserves certain authority in the Board itself.

cc: Board of Trustees, S. Stanley, T. Sullivan, N. Beauchamp, N. Barr, M. Zeig, M. Tarrant
As used in this Policy, the terms “claim” and “litigation” shall have the following meanings:

a. "Claim" means a dispute in which a demand for payment is asserted in some manner other than through litigation.
b. "Litigation" means (1) a lawsuit filed in a federal or state court; (2) an arbitration proceeding; or (3) a matter before a federal or state administrative agency.

The General Counsel shall have the authority to settle a claim or litigation for $750,000 or less, subject to the availability of funds. The General Counsel shall have the authority to settle a claim or litigation for more than $750,000 with a report to and the consent of the Board of Trustees. Accordingly, a settlement of any claim or litigation for more than $750,000 shall be tentative, subject to a report to and the consent of the Board of Trustees, and such report and consent shall normally be sought at the next executive session of the Board of Trustees.