

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

June 18, 2004

The Trustee Finance Committee and Trustee Policy Committee meetings were held in the Board Room of the Administration Building beginning at 9:00 a.m. on Friday, June 18, 2004. Minutes of the meetings are on file in the Office of the Secretary of the Board of Trustees.

President McPherson called the meeting of the Board of Trustees to order at 9:37 a.m. in the Board Room.

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

University officers present: President McPherson, Provost Simon, Vice President Poston, Secretary Carter, Vice President and General Counsel Noto, Vice Presidents Denbow, Webb and Webster, Senior Advisor and Director Granberry Russell and Director Williams, Associate Vice President for Research Hunt. Faculty Liaisons present: Robert Maleczka, Susan Linz for Michael Moch, Arjun Sing and Jon Sticklen. Student Liaisons present: Carl Newman and Andrew Schepers.

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

1. On a motion by Ms. Cook, supported by Ms. McNamara, **THE BOARD VOTED to approve** the revised agenda.
2. On a motion by Mr. Romney, supported by Ms. McNamara, **THE BOARD VOTED to approve** the minutes of May 7, 2004
3. President's Report:

President McPherson reported that MSU turf grass experts are helping Olympics officials in Athens create a portable athletic field for the summer Olympics. MSU's international reputation for growing great lawns was instrumental to the selection of the University to help develop turf for the Olympic Stadium.

This past week, physicists from around the world came to MSU to attend one of the world's foremost conferences on Hadron Collider Physics. This conference came to MSU, in large part, because of the University's international reputation in collider physics, going hand-in-hand with MSU's continued efforts to be selected for the Rare Isotope Accelerator (RIA) project.

MSU lost a true pioneer this week with the passing of Gwen Norrell. Dr. Norrell was a teacher and administrator, but perhaps best known for her role as the University's faculty athletic representative from 1979 to 1988. She was the first woman in the Big Ten to hold that post. Dr. Norrell was also the Vice President of the NCAA from 1983 – 1985. At that time she was the highest-ranking woman in the NCAA organization.

President McPherson extended an invitation to the public to celebrate the 50th anniversary of WKAR, Michigan State University's public television station.

4. Public Participation on Items Germane to the Agenda

There was no public participation germane to the agenda.

5. Personnel Actions

Provost Simon presented the following personnel actions:

A. Appointment

- 1) LaDuca, Robert L., AY – Associate Professor, Lyman Briggs School; Department of Chemistry, \$59,000, with Tenure, effective August 16, 2004.
- 2) Zeleke, Aklilu, AY – Associate Professor, Lyman Briggs School; Department of Statistics and Probability, \$61,000, with Tenure, effective August 16, 2003.

B. Promotion and Tenure Actions

The report of Promotion and Tenure Actions is included in the Personnel Actions document on file with Board agenda materials in the Office of the Secretary of the Board of Trustees.

On a motion by Mr. Pittman, supported by Mr. Nugent, **THE BOARD VOTED to approve** the Personnel Appointments, as well as the Promotion and Tenure Actions.

Provost Simon noted that Dr. LaDuca received his Ph.D. from Cornell University and has served as Assistant Professor at Kings College. Dr. LaDuca will be teaching general chemistry, as well as advanced inorganic chemistry.

Dr. Simon further stated that Dr. Zeleke received his Ph.D. from Temple University in 1997 and has served as a Distinguished Teacher and Scholar at Alma College.

Provost Simon acknowledged that the group of individuals included in the Promotion and Tenure report is absolutely superb. Dr. Banks, Dr. Huggett and the deans and faculty of various colleges have scrutinized the credentials of each individual and agree that the appointments will serve to increase the academic quality of Michigan State University in the years to come.

6. Gift, Grant and Contract Report

Associate Vice President Hunt presented the Gift, Grant and Contract Report for the period of March 26, 2004, through June 2, 2004. The report is a compilation of 375 Gifts, Grants and Contracts and 39 Consignment/ Non-Cash Gifts, with a total value of \$48,372,901.61.

On a motion by Ms. McNamara, supported by Ms. Gonzales, **THE BOARD VOTED to approve** the Gift, Grant and Contract Report.

Trustee Nugent asked how this report compares with the report for the same time period last year. Dr. Hunt responded that a comparison of the first 11 months of the 2003-04 fiscal year to the entire 2002-03 fiscal year indicates that research funds have increased by 8.77 percent and total research plus academic awards have increased 2.48 percent.

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

A. Private Equity and Venture Capital Investment Environment

Trustee Pittman offered a recommendation to the Policy Committee that there be a change in the approval process for managers of Michigan State University's investments. That recommendation will be forthcoming in the Policy Committee Report.

B. Architect/Engineer Appointments

- 1) It was recommended that Albert Kahn Associates, of Detroit, Michigan, be appointed as the architect/engineer for the

project entitled: The Automotive and Energy Research Complex.

- 2) It was recommended that the team of Sasaki Associates of Watertown, Massachusetts, with Raymond O'Leary, of Detroit, Michigan, be appointed as the architect/engineer for the project entitled: Brody Complex – Apartment Style Residence Hall.
- 3) It was recommended that Consoer Townsend Envirodyne Engineers of Michigan, Inc., be appointed as the architect/engineer for the project entitled: Crescent Road/Middlevale Road Reconstruction.
- 4) It was recommended that Carl Walker, Inc., of Kalamazoo, Michigan, be appointed as the architect/engineer for the project entitled: Parking Lots 82/83 Reconstruction.
- 5) It was recommended that Hamilton Anderson Associates, of Detroit, Michigan, be appointed as the architect/engineer for the project entitled: Sparty Intersection Reconstruction and Steam Service Replacement.

On a motion by Mr. Pittman, supported by Mr. Porteous, **THE BOARD VOTED to approve** the recommendations.

Mr. Pittman pointed out that the Automotive and Energy Research Complex is a project that has been supported by Ford Motor Company and General Motors.

Ms. McNamara inquired whether architect/engineers were vetted through a bidding process. Vice President Poston said they are chosen through an advertising and interview process, and recommendations are made based on a set of criteria. The prices are fixed, based on quality and expected performance.

C. Bid and Contract Awards

- 1) It was recommended that the Board of Trustees award a contract in the amount of \$225,000 to Tailored Building Systems of Grand Rapids, Michigan, and that a budget in the amount of \$314,000 be established for the project entitled: Rogers Reserve Field Laboratory – Jackson County.

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

- 2) It was recommended that the Board of Trustees award a contract in the amount of \$367,400 to Moore Trosper Construction Company of Holt, Michigan, and that a budget in the amount of \$460,000 be established for the project entitled: Baker Hall – Elevator Replacement.
- 3) It was recommended that the Board of Trustees award a contract in the amount of \$815,000 to Moore Trosper Construction Company, and that a budget in the amount of \$970,000 be established for the project entitled: Fee Hall – Elevator Replacement.

On a motion by Mr. Pittman, supported by Mr. Nugent, **THE BOARD VOTED to approve** the recommendations.

- 4) It was recommended that the Board of Trustees award a contract in the amount of \$477,500 to Bornor Restoration, Inc., of Lansing, Michigan, and that a budget in the amount of \$570,000 be established for the project entitled: Wells Hall – Roof Replacement.

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

- 5) It was recommended that the Board of Trustees award a contract in the amount of \$283,000 to Sandborn Construction, Inc., of Portland, Michigan, and that a budget in the amount of \$475,000 be established for the project entitled: Campus – Steam Distribution – Vault 15 to Business College Complex (Eppley Wing).

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

D. Approval of the Guidelines for the Development of 2004-05 Budgets

It was recommended that the following Resolution be adopted by the Board of Trustees:

BE IT RESOLVED that the Trustee Finance Committee recommends to the Board of Trustees adoption of the Guidelines for Development of the 2004-05 Budgets. The guidelines include

significant revenue and expenditure variables, and tuition and fee rates. In accordance with these guidelines, the administration is directed to develop the General Fund, Michigan Agricultural Experiment Station, Michigan State University Extension and Intercollegiate Athletics budgets.

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

David Byelich, Assistant Vice President and Director, Planning and Budgets, explained that passing this Resolution allows for development of a general fund budget totaling \$715.2 million for the 2004-05 fiscal year, an increase of approximately 3.2 percent. That includes provisions for faculty salary adjustments, student financial aid and budget reductions and reallocations totaling approximately \$22.7 million. The tuition increase is established at 2.4 percent for undergraduate resident students, in accordance with earlier discussions between the Board and State government with respect to the appropriation and tuition. The President and the appropriate governance units have reviewed the budget.

President McPherson pointed out that the budget is based on the proposal made by the Governor and the legislature that was broadly supported.

Mr. Nugent clarified that this budget represents an increase in tuition of 5 percent for non-resident students. Even with the increase, the University's tuition for non-resident students is still very competitive with other Big Ten universities. Further, some additional funds are being allocated from the summer tuition increase toward reduction of class size in certain areas.

Mr. Pittman added that \$3 million has been incorporated into the budget to reduce class size. In addition, the budget indicates funding for the program that the Board initiated last year to provide financial aid for returning undergraduate students so that they can complete their degrees at Michigan State University.

E. Approval of the 2004-05 Budgets

It was recommended that the following Resolution be adopted:

BE IT RESOLVED that the Trustee Finance Committee recommends to the Board of Trustees approval of the 2004-05 University budgets. Further, within the context of the approved budget guidelines and the attached budgets, the administration is

authorized to develop and implement the General Fund, Michigan Agricultural Experiment Station, Michigan State University Extension and Intercollegiate Athletics internal operating budgets. In sum, budgets for the above units total \$862.3 million, an increase over the previous year of 2.7 percent. (Attachment A)

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

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

A. Policy Approval: Standards of Official Conduct for Deans, Separately Reporting Directors and Executive Managers

It was recommended that the Board of Trustees approve the policy entitled "Standards of Official Conduct for Deans, Separately Reporting Directors and Executive Managers" set forth in Attachment B.

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

President McPherson stressed the importance of putting this policy in place. He said the University has strong, ethical deans, directors and executive managers, but having a formal set of rules is sound management.

B. 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 with two companies:

- 1) IC Tech, Inc., a Michigan company based in Okemos. Dr. Fathi Salem, a Professor in the Department of Electrical and Computer Engineering, and his immediate family, cumulatively own or have options to buy an equity interest of more than 5 percent of the company.
- 2) UV Dynamics, Inc., a Michigan company based in Northville. Dr. Blaine Severin, an Adjunct Associate Professor in Civil and Environmental Engineering, and his immediate family, cumulatively own or have options to buy an equity interest of

more than 5 percent of the company. Dr. Severin is also an officer of UV Dynamics, Inc.

C. Approval of Contract Terms and Conflict of Interest Procedures

- 1) It was recommended that the Board of Trustees approve the administration's recommendation for execution of a research agreement with AFID Therapeutics, Inc., consistent with earlier public notice given on October 10, 2003, and with the applicable "Term Sheet" as now presented to the Board for inclusion in its minutes. (Attachment C)
- 2) It was recommended that the Board of Trustees approve the administration's recommendation for execution of a contract with Biophotonic Solutions, Inc., consistent with earlier public notice given on October 10, 2003, and with the applicable "License Term Sheet" as now presented to the Board for inclusion in its minutes. (Attachment D)
- 3) It was recommended that the Board of Trustees approve the administration's recommendation for execution of a contract with Gema, LLC, consistent with earlier public notice given on May 7, 2004, and with the applicable "License Term Sheet" as now presented to the Board for inclusion in its minutes. (Attachment E)
- 4) It was recommended that the Board of Trustees approve the administration's recommendation for execution of a license agreement with Red Cedar Technology, Inc., consistent with earlier public notice given on April 11, 2003, and the applicable "License Term Sheet" as now presented to the Board for inclusion in its minutes. (Attachment F)

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

D. Non-Marketable Asset Allocation

The Trustee Policy Committee recommended to the Board of Trustees that it adopt the Investment Authority Delegation to Trustee Finance Committee Chairperson Resolution. (Attachment G)

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

9. Chairman's Report

Trustee Porteous commented on graduation ceremonies that were held on May 7th. He said that Condoleezza Rice gave a very inspired speech that connected with students and their families and friends.

Mr. Porteous asked that the following statement regarding President McPherson's resignation announcement be included in these Minutes:

With great appreciation for all that he has accomplished, the Michigan State University Board of Trustees and I offer our thanks to Peter McPherson. We are honored that he chose to spend nearly eleven years as president of this great institution. His strong, energetic leadership of the University has indelibly marked it and has moved it forward in many ways. At the beginning of the 21st century, we are in an excellent position to take MSU to an even higher level.

He has served longer than any president in the Big Ten, longer than any MSU president since John Hannah, and his leadership has found expression in many ways. He has served Michigan State University so well, and for so long, that we tend to forget what was not here when Peter McPherson returned home to East Lansing.

There was no Biomedical Physical Sciences Building. The Study Abroad Program, while significant, was not the leader in the US that it is today. The Livestock Pavilion was an artist's rendering. There was no MSU College of Law. The Honors College had substantially fewer students. MSU's tuition was among the more expensive in the Big Ten – and on a fast pace to even greater cost.

The National Superconducting Cyclotron Laboratory hadn't received an important upgrade, one that now allows MSU to compete aggressively for the Rare Isotope Accelerator. There was no Diagnostic Center for Populations and Animal Health. The debate team hadn't won a national championship. These are just some of the accomplishments during the time he has led the team and worked to further improve the University.

His knowledge and skills in finance have allowed MSU to weather far better the financial turmoil of the past two years. Indeed, his leadership in the Capital Campaign positions the University well as it closes in on the goal of \$1.2 billion in 2007.

His vision has allowed him to take Michigan State in new and bold directions. By working hard to secure a partnership with hospital and community leaders in Grand Rapids, we are poised to bring even greater quality of education and experience to the College of Human Medicine.

Peter McPherson also served the region, the State and the country very well. From his participation and leadership on commissions studying education at all levels, to his work to combat hunger and poverty – especially in Africa – to his service on an advisory board to the US Secretary of Energy, he has given the full measure. Above and beyond, his selfless contribution to the reconstruction of Iraq's economy was a tremendously generous effort, and in the MSU tradition.

We have been fortunate to have Peter McPherson as the leader of this remarkable University. We are also fortunate that he will be with us this fall when we begin our celebration for MSU's 150th anniversary with the dedication of the statue of John Hannah, a president whose leadership inspired Peter McPherson.

We recognize that there are new challenges that await you, Peter. As I heard you talk about your experience in Iraq, it was apparent that particularly complex international problems, and your capacity to solve them, present interesting opportunities to serve yet again.

Again, on behalf of the MSU Board of Trustees, I express our deep gratitude to Peter McPherson for his outstanding leadership of Michigan State University.

10. Trustees' Comments

- A. Trustee Cook said that Gwen Norrell was a wonderful role model for women. A service commemorating her life is being held at the MSU Chapel this morning. Dr. Norrell was the NCAA representative of this University at a time when women generally did not have such opportunities. She didn't represent MSU because she was a woman, but because she was the most qualified person to lead.
- B. Trustee Gonzales echoed the remarks of Trustee Cook about Gwen Norrell. She was a very giving, thoughtful person.
- C. Trustee McNamara passed.
- D. Trustee Nugent said that President McPherson has done an outstanding job as President of Michigan State University. He said he looked forward to working with him during the next six months.

Mr. Nugent related an experience he recently had in joining personnel from the College of Agriculture and Natural Resources at a conference in Shanghai. It was organized by Michigan State University, along with the Chinese Academy of Agricultural Science, the Shanghai Municipal Agricultural Commission and the Shanghai Municipal Economic Commission. There are 200 million farms with 800 million people living on them. Shanghai farmers are trying to have consistent quality, although each farm is less than 1/8 or 1/10 of an acre. Michigan State has taken a real leadership role.

From there, the MSU group traveled to Beijing and its members met with representatives of the Beijing Forestry University. It was announced there that China and Michigan State University are participating in a joint degree project in turf management because China will be hosting the Olympics in 2008. The Chinese want good turf for the Olympics, so they will tap into Michigan State University's expertise. The leadership and respect that Michigan State University has in China was something to behold.

Mr. Nugent also said that he was in Japan recently. While there, he met with the Tokyo Alumni Association at their annual meeting. Mr. Nugent had earlier met with the association and discussed the Sparty project. He presented a check for \$500 from the Tokyo Alumni Club to Keith Williams and Chuck Webb to support the Sparty project.

Vice President Webb reported that this past week, the MSU Alumni Association, along with Karen Wink and a group of volunteers, successfully reached the goal of \$500,000 for the Sparty project.

Dr. Poston pointed out the significance of the Tokyo Alumni Association contribution: while it is certainly not the largest single donation from a club, it is the largest donation from a foreign alumni association.

President McPherson noted that MSU has so many areas of expertise. The University has a prominent professor who is a global expert on international development of supermarkets. In Honduras, half the food is now purchased in supermarkets. Ten years ago only about ten percent was. The implications for quality of distribution, of when moving to a supermarket structure is only an example of an area where many MSU faculty, who are not high profile, are engaged. There are dozens of such examples.

- E. Trustee Romney endorsed the remarks of the Chairman and the other Trustees.
- F. Trustee Pittman passed.
- G. Trustee Ferguson passed.

11. Public Participation on Issues Not Germane to the Agenda

Paula Kraus, President of the Master Gardner Association of Wayne County (MGAWC), appeared on behalf of its over 270 members to ask for assistance in reversing a policy that was announced in March 2004 by Mary McLellan, the state Master Gardner coordinator for the MSU volunteer program. Ms. Kraus said that McLellan's statement that the MGAWC had voted to stop operating as an MSU extension affiliated group is inaccurate. In October 2002, an MGAWC committee was appointed to consider MGAWC becoming an affiliated group, but repeated requests for guidelines from the MSU Regional Extension Director were ignored. The MGAWC refused to vote in favor of affiliation based on guidelines it had not seen.

MGAWC opposes a statewide ban on all volunteer hours spent supporting fundraisers. MSU Extension has accepted volunteer hours performed by the MGAWC since the group's founding in 1984. The MGAWC asks the Board to help get the Master Gardner program back on track so volunteers can focus on community projects.

Wayne Watson, Master Gardner from Wayne County since 1994, and Jackie Stengle of the MGAWC also spoke in support of Paula Kraus.

Leo Sell, President, MSU Administrative Professional Association, and Vice Chair of MSU Coalition of Labor Organizations, expressed a heartfelt thank you to President McPherson for the constructive, collaborative, open relationship those organizations have had with him. The President initiated open dialogue nearly as soon as he became President of MSU. There has been regular contact and an honest, constructive relationship. Mr. Sell wished President McPherson well in his future endeavors and expressed his thanks and his hope that as the Board of Trustees looks to a successor, one of its criteria will be to select a president who will build on that relationship and expect to have a cordial, constructive relationship with organized labor.

Wayne Cass, Chairperson of the MSU Coalition of Labor Organizations, appeared on behalf of the ten unions that represent more than 6,000 MSU non-academic employees. Mr. Cass congratulated President McPherson on his 11 years at Michigan State University. MSU has faced some of its most challenging times during the past decade. Mr. McPherson has aptly prepared and positioned the University for the next decade during these challenging economic times. In working together to address many of the challenges, MSU has benefited from the labor-management relationship. There has been a common commitment to provide a truly great educational opportunity for the people of the State of Michigan.

Mr. Cass addressed the Board on its responsibility to select a president for this great institution. He asked that as the Board deliberates, it not forget there are over 6,000 people who, while not directly engaged in academic endeavors, work very hard to support the MSU mission. He said that the coalition earnestly hoped and trusted that the Board would consider it important to select someone who values and will be committed to the continuing positive direction of labor-management relations. Much has been done and there is much yet to do.

President McPherson commented that the Board appreciates the relationships the University has with its labor unions. The coalition cooperated in working through the health care cost issue in a unique way.

12. Presidential Selection

Trustee Porteous announced that this is an historic day at Michigan State University. It is a day very much in keeping with the heritage of the University. Eleven years ago, Michigan State University conducted a national search for a President. One of the two finalists in that national search was Dr. Lou Anna Simon, from Michigan State University. Since

that time, the unique and dynamic partnership of President McPherson and Provost Simon has led the University. They are the longest-serving President-Provost team in the Big Ten. Their accomplishments have been extraordinary. During the past eleven years, President McPherson learned many things from Provost Simon, and Dr. Simon learned valuable lessons from President McPherson.

Michigan State University's Board of Trustees was confronted with the most important decision it could face after President McPherson announced his resignation, effective January 1, 2005. About three weeks ago, Mr. Porteous spent time with the academic deans, faculty liaisons, student liaisons, leaders of the coalitions of labor organizations and University vice presidents. In addition, a tremendous number of e-mails, letters and phone calls were directed to the Chairman and other members of the Board regarding presidential succession.

These discussions reminded Trustee Porteous of the importance of meeting with the various constituency groups on campus. The time spent with them was invaluable. Mr. Porteous heard comments about what a great leader Peter McPherson has been.

Mr. Porteous shared all the comments from those meetings with the Board members; the Board members shared Mr. Porteous' enthusiasm for the positive comments and issues that were presented. The faculty presented to each Board member important criteria to consider in selecting MSU's next president. (Attachment H) Those qualities include extensive, high-level administrative experience at a research university; track record of scholarship and leadership; experience negotiating with legislature and government agencies; experience teaching in higher education; a clearly articulated experience-based vision to fully engage the faculty in improving resources, programs and reputation; a clearly articulated experience-based vision of how to build effective relationships with alumni, donors, funding agencies and the general public; a clearly articulated vision for what the land grant mission means. Every Board member took these qualities to heart.

Two weeks ago, the Board met at the Henry Executive Development Center to be briefed on presidential succession and presidential selection processes – not only historically at MSU, but across the country. It reviewed a lot of information and material at that meeting. One of the things that became very clear was that each presidential selection is unique to each institution, based on their heritage, based on its mission, based on the needs of the university at that time and in the future. The Board members then individually reflected on the briefing and materials they received.

Yesterday, the Board members had an opportunity to meet with Provost Simon to explore the possibility that she succeed Peter McPherson as President of Michigan State University. Dr. Simon's passion for this University and her vision were exciting, exhilarating and moving.

As each Trustee considered the criteria the faculty had presented, the very important issues that the union leadership had talked about and issues that the deans, students, alumni, and donors had expressed, it became obvious that Dr. Simon was the perfect choice to serve as the next President of Michigan State University. Maybe this University is unique in having within the institution the most qualified candidate that the Board could hope for. Dr. Simon has a national caliber reputation and the vision and the qualities that will guide Michigan State.

A seamless transition is very important, and Provost Simon and her husband, Dr. Roy Simon, have dedicated their lives to this institution. Lou Anna Simon has the ability to hit the ground running in pursuit of RIA, in exploring expansion of the College of Human Medicine to Grand Rapids, in advancing the Capital Campaign for MSU, in working with the legislature, the Governor, State agencies, donors, alumni, faculty and staff, she has been there with President McPherson. Dr. Simon is a proven commodity.

Trustee Porteous said that it is with no hesitation, and with great pride and excitement and enthusiasm, that he proposed the following Resolution:

RESOLVED, that Dr. Lou Anna Kimsey Simon be appointed the twentieth President of Michigan State University, commencing January 1, 2005; and be it

FURTHER RESOLVED, that Dr. Simon be appointed President Designate, effective immediately, in addition to retaining her title and authority as Provost of the University; and be it

FURTHER RESOLVED, that Dr. Simon's appointment as President is subject to negotiation of a three-year contract with such terms and conditions as may be mutually acceptable to Dr. Simon and the Chairperson of the Board of Trustees, which contract shall be submitted to the Board of Trustees for its approval prior to execution of the contract, on behalf of the Board of Trustees, by the Chairperson of the Board of Trustees.

Secretary Carter conducted a roll-call vote:

Trustee Cook	Yes
Trustee Ferguson	Yes
Trustee Gonzales	Yes
Trustee McNamara	Yes
Trustee Nugent	Yes
Trustee Pittman	Yes
Trustee Porteous	Yes
Trustee Romney	Yes

President McPherson said that when the Board was briefed on presidential selection processes around the country, he recommended to the Board that Dr. Simon be appointed the next president. He did so on two bases. First, she, clearly, is a very competent, experienced person who can do an excellent job. Second, Mr. McPherson felt that action should be taken promptly because of major projects presently in play – the Capital Campaign, expansion of the College of Human Medicine, RIA – and because of a number of less visible initiatives. The University has great momentum that has been prompted by the Board and that many people on this campus have worked hard to achieve. We must not lose a step. Dr. Simon is more than able to do this job.

Trustee Cook said that the remarks by the Chairman reflected her thought processes and those of the other Trustees over the last several weeks. Whenever a University selects a president, it makes history, but Dr. Simon will make history in other ways, as well. She will be the first woman to lead this University, and that is an historic event. Additionally, this is an important period for the University, and MSU is fortunate to have someone among its ranks who can give the institution the continuity it needs as it moves forward. Plus, Dr. Simon expressed such great vision when the Board met with her yesterday.

Trustee Cook said she looked forward to the next three years with Dr. Simon at the helm and she congratulated President McPherson on his presidency. The combined energy that President McPherson and Dr. Simon bring to the University will serve it well over the next six months. Ms. Cook congratulated Dr. Simon and offered her the cooperation and support of the entire Board of Trustees. Ms. Cook said it was a pleasure to work through the briefing and meeting with Dr. Simon because of the Board's cooperation and spirit of good will.

Trustee Gonzales explained that she has had a unique relationship with Dr. Simon. Dr. Simon was one of her mentors after she graduated from college, and Dr. Simon provided her with opportunities to be engaged on campus. She appreciated Dr. Simon's leadership, guidance and support. Trustee Gonzales indicated that the Provost is very sensitive about issues

of equality and inclusion. Trustee Gonzales stated that she looked forward to working with Dr. Simon. Ms. Gonzales thanked President McPherson for his leadership and his hard work that benefited Michigan State. The President and Provost working in tandem made the University a better place.

Trustee McNamara echoed the comments of the Chairman and other Trustees. She expressed her heartfelt congratulations to Dr. Simon, congratulated the Board members for doing this right, doing it decisively and with good spirit and energy. Ms. McNamara thanked President McPherson for his service.

Trustee Nugent commented that, although some might say the selection of the new president was hasty, he would argue that it was not. Dr. Simon, as mentioned earlier, was a finalist in a national search. She is the longest serving Provost in the Big Ten; Michigan State University is a nationally and internationally recognized university that has an internationally recognized candidate who is outstanding and the best the Board would be able to find. He congratulated Dr. Simon.

Trustee Romney pointed out that MSU has had a great team for years. One of those members is moving on, and the University is keeping the other member of the team. Mr. Romney said he thought this was a bold, dramatic decision and one that allows MSU to build on what has been accomplished and to move forward. Mr. Romney said that during the five hour briefing earlier and several hours of dialogue yesterday, every comment by a Trustees was very influential.

Mr. Romney said the members of the Board took this assignment exceedingly seriously. The consultations by the Chairman and other Board members with members of the community, the faculty, the union coalition, the vice presidents and students – all were very important to the selection. The members of the Board didn't come to the briefing a few weeks ago with a predisposition of what they were going to do. As they went through the briefing and analyzed what they learned, and in their individual consideration of the presidential succession since then, it became clearer to each Trustee, as time passed – and particularly yesterday, that this is the best decision for Michigan State. Dr. Simon's comments expressing her vision for a land grant institution, the Sesquicentennial, the medical school, RIA, international programs, academic excellence and research engagement – all were inspiring.

The reason the Board is selecting Dr. Simon is that they believe she is the best person they could possibly find for this job. The existence of critical issues at this time is not the reason they selected her. The Board selected her because she's the best.

Another great benefit is that Dr. Simon sets the example for dedicated faculty and staff, union and non-union, at this University. There are many dedicated workers at MSU who are committed and love the institution and make it special, and Dr. Simon is an example of that. It is not going to be Lou Anna Simon who moves the University to the next level. It will be everyone providing leadership and vision – it will take everybody working together to move MSU forward. The Board of Trustees is unified in its decision, and Mr. Romney said he hoped that unity would be felt campus wide.

Trustee Pittman thanked President McPherson for raising the bar and setting a standard that Mr. Pittman evaluated in making his decision about President McPherson's successor. Great organizations and great leaders use transitions to advance. President McPherson's work has laid the foundation to assist Dr. Simon to be a more qualified president today than she would have been 11 years ago. As a CEO, Mr. Pittman takes greatest enjoyment and pride in working with talented people, watching them develop and then succeed. Mr. Pittman knows President McPherson feels that way about Dr. Simon – and justifiably so. President McPherson's assistance and counsel to the Board over the last six weeks has been invaluable. It has helped the Board to be focused and to understand what is really needed, and he appreciates the professional way in which President McPherson handled that.

Mr. Pittman said that the challenge in change and transition through this process demonstrated to him the incredible resources that are available to the Board. There is a network of faculty, friends and alumni who communicated with the Board members. In addition, the members of the Board had the opportunity to talk to previous trustees, and to members of boards of other universities to learn what they have done and to get advice and counsel and incorporate it in the entire decision process. Mr. Pittman thanked each of the Board members. This is the decision of eight Board members, not one or two. Trustee Pittman thanked Chairman Porteous for his leadership.

Eleven years ago a search committee that named her as a finalist for this position recognized Dr. Simon's abilities and talents. Eleven years later, she is more qualified and better prepared. She has demonstrated the ability to attack difficult and challenging problems and develop innovative solutions. That is what Michigan State University will need in the coming years. The confidence the faculty has placed in Dr. Simon – after working with her for many years and knowing her so well – was very important to Trustee Pittman in making this decision.

Dr. Simon served as Interim President for five months. The Board knows what her abilities are – the Trustees have seen them firsthand, and that significantly increased Mr. Pittman’s confidence in and understanding of Dr. Simon.

Mr. Pittman shared the following analogy: More than eleven years ago, MSU had a head coach who argued that the University had a talented young man who ought to be appointed head coach for Michigan State University’s basketball program. There were a lot of doubters; there was a lot of debate. Coach Heathcoat was right, and Tom Izzo has demonstrated great competence over the years. President McPherson, likewise, understands the talents of Dr. Simon and argued that case. Peter McPherson is right. When the right person has the right commitment, it’s time to make a decision and move forward. Trustee Pittman told Dr. Simon that she will have the support and faith of the entire Board. He congratulated her.

Trustee Ferguson said that the other Board members have preempted what he was planning to say. He noted that Lou Anna Simon has a great partner in her husband, Roy. They have been a great team. The University isn’t getting one person – it’s getting two. It has been the same way with Peter and Joanne – they have been a wonderful team. Mr. McPherson will be missed as President, but he has helped groom a person whose selection will allow for a seamless transfer in the best interests of this institution.

Echoing the analogy that Trustee Pittman made about Coach Izzo, Mr. Ferguson said the Board then was wise enough not to look beyond the person the University had, and the Board now is wise enough to not look any further than Lou Anna Simon. The Board should be very proud to select Dr. Simon as President, because the Trustees know that they are getting a quality person.

Trustee Ferguson said he felt very proud to be part of the selection process, as he was proud to have been on the Board when it selected President McPherson, who then chose a Provost by conducting an internal search. The result today is that Dr. Simon is in a position to aptly carry the torch being passed to her.

Trustee Porteous presented the Resolution, signed by all of the members of the Board of Trustees, to Dr. Lou Anna K. Simon. He congratulated her and her husband, Dr. Roy Simon.

Dr. Simon introduced Ted and Mary Jane Simon, Roy’s parents. Dr. Simon said when she came to Michigan State in 1970, the Simon family captured her in love – the same way the land grant spirit captivated her in

terms of what was important in American higher education. Over the last few years, Dr. Simon said she has been blessed with the Board's confidence in her leadership and she was, indeed, humbled.

Dr. Simon continued: Michigan State University has had to face some very stark realities, and also has great expectations. Through it all, the realities have been dealt with and new expectations identified – that is a function of “Team MSU” and not Lou Anna Simon. The Board expects Dr. Simon to accomplish in three years what most presidents accomplish in five. That expectation will be realized because there are many dedicated people at MSU who will work to make that expectation a reality. And, while there may be dramatic differences of opinion, all agree that Michigan State University is most important.

Moving forward from today, there is a collective pledge that all will be done that can possibly be done on behalf of Michigan State University so that three years from now, as today's action is reviewed, it will be acknowledged that it was the right decision for Michigan State.

Dr. Simon thanked the Board for its confidence in her and thanked President McPherson for his accomplishments. Dr. Simon felt that the decision made 11 years ago was the right one for Michigan State. Dr. Simon thanked President McPherson for his support. She has learned a lot from him, and is better because of having worked closely with the President during the past 11 years.

13. An Executive Session was not requested.
14. On a motion by Mr. Porteous, supported by Mr. Romney, **THE BOARD VOTED to adjourn** at 11:18 A.M.

Respectfully submitted,

L. Susan Carter
Secretary of the Board of Trustees