

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

September 17, 2004

The Trustee Finance Committee and Trustee Policy Committee meetings were held in the Board Room of the Hannah Administration Building beginning at 9:00 a.m. on Friday, September 17, 2004. Minutes of the meetings are on file in the Office of the Secretary of the Board of Trustees.

President Peter McPherson called the meeting of the Board of Trustees to order at 9:45 a.m. in the Board Room.

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

University officers present: President McPherson, Provost and President Designate Simon, Vice President Poston, Secretary Carter, Vice President and General Counsel Noto, Vice Presidents Denbow, Gray, June, Webb, and Webster, Executive Director Williams, and Senior Advisor and Director Granberry Russell. Faculty Liaisons present: Robert Maleczka, Michael Moch, Jon Sticklen and Shawnee Vickery. Student Liaisons present: Kierra Hill, Carl Newman, Andrew Schepers and Daniel Weber.

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

1. On a motion by Mr. Romney, supported by Ms. Cook, **THE BOARD VOTED to approve** the agenda.
2. On a motion by Mr. Porteous, supported by Mr. Romney, **THE BOARD VOTED to approve** the minutes of its meetings on June 18, 2004, and July 22, 2004.
3. President's Report

President McPherson said that after the Board meeting, the dedication of the John Hannah statue would take place on the newly built Hannah Building plaza. The statue is seven feet tall and made of bronze. It appropriately captures Dr. Hannah in mid-stride,

reflecting the energy he provided to this University as its 12th president, serving from 1941 to 1969. The student population grew from about 6,000 to nearly 40,000 during his tenure as President.

President McPherson announced that the dedication ceremony for the new Diagnostic Center for Population and Animal Health will be held on Thursday, September 30th. It is a state-of-the-art facility that will serve as the front line of defense for a number of human- and animal-related diseases.

President McPherson said that MSU's School of Criminal Justice received a \$3 million grant from the Department of Homeland Security to help law enforcement agencies across the nation to gather and manage information. The program, among other things, will train police and other agencies on how to collect information and how to deal with threats of terrorism and organized crime. It is important for this University to work with the Homeland Security Agency.

President McPherson announced that the National Oceanic and Atmospheric Administration (NOAA) has awarded a grant to MSU for its role in the new Center of Excellence for the Great Lakes and Human Health. The Center will focus on human health effects in the Great Lakes in three main areas: drinking water, beaches and harmful algal blooms.

4. Personnel Actions

Provost and President Designate Simon presented the following personnel actions:

A. Appointments

- 1) Risch, Sara J., AY – Professor, School of Packaging, \$114,000, with Tenure, effective October 1, 2004.
- 2) Plaut, Karen I., AY – Professor, Department of Animal Science, \$140,000, with Tenure, effective January 1, 2005.

On a motion by Mr. Porteous, supported by Mr. Romney,
THE BOARD VOTED to approve the Personnel Actions.

Provost and President Designate Simon explained that Sara Risch is a principal in the consulting firm of Science by Design in Chicago. Dr. Risch has a Ph.D. from the

University of Minnesota and holds patents in microwave food packaging and analysis. Dr. Risch also has a scholarly record in research and teaching and will become the Director of MSU's School of Packaging.

Karen Plaut received a Ph.D. from Cornell University and comes to MSU from the University of Vermont, where she has an appointment in animal science and in the College of Medicine, Department of Pathology. Dr. Plaut has a record of receiving NIH funding and had the distinction of serving as a lead scientist on NASA's biological research project for the International Space Station.

5. Gift, Grant and Contract Report

Vice President Gray presented the Gift, Grant and Contract Report for the period of June 3, 2004, through August 25, 2004. The report is a compilation of 632 Gifts, Grants and Contracts, 63 Consignment/Non-Cash Gifts and one Consignment/Non-Cash Loan with a total value of \$108,776,026.80

On a motion by Mr. Nugent, supported by Mr. Porteous, **THE BOARD VOTED to approve** the Gift, Grant and Contract Report.

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

A. Scope Change – Architect/Engineer and Construction Manager

The Trustee Finance Committee recommended to the Board of Trustees that the work scope authorized for Einhorn Yaffee Prescott Architectural & Engineering (EYP), architect/engineer, and The Christman Company, construction manager, for Snyder/Phillips Hall Renovations, be expanded to include potential creation of facilities for a new residential program in liberal and creative arts and sciences.

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

B. Architect/Engineer Appointment

The Trustee Finance Committee recommended to the Board of Trustees that Peter Basso Associates, Inc., of Troy,

Michigan, be appointed as the architect/engineer for the project entitled: Holmes Hall – Lyman Briggs School – HVAC Modifications and Laboratory Renovations.

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

C. Construction Manager Appointments

- 1) The Trustee Finance Committee recommended to the Board of Trustees that the Granger Construction Company, of Lansing, Michigan, be appointed as the construction manager for the project entitled: Holmes Hall – Lyman Briggs School – HVAC Modifications and Laboratory Renovations.
- 2) The Trustee Finance Committee recommended to the Board of Trustees that Granger Construction Company, of Lansing, Michigan, be appointed as the construction manager for the project entitled: Brody Hall – New Apartment-Style Residence Hall.

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

D. Bid and Contract Awards

- 1) The Trustee Finance Committee recommended to the Board of Trustees that a contract in the amount of \$468,900 be awarded to Bornor Restorations, Inc., of Lansing, Michigan, and that a budget in the amount of \$590,000 be established for the project entitled: Natural Resources – Roof Replacement.
- 2) The Trustee Finance Committee recommended to the Board of Trustees that a contract in the amount of \$264,896 be awarded to Mid-Michigan Roofing LLC, of Saginaw, Michigan, and that a budget in the amount of \$320,000 be established for the project entitled: T. B. Simon Power Plant – Roof Replacement Areas 6, 10, 11 and 15.

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

E. Approving Conveyance of Property

The Trustee Finance Committee recommended to the Board of Trustees that it adopt the following four Resolutions, copies of which are attached: (Attachments A, B, C, and D)

- 1) Resolution of the Governing Body of Michigan State University Approving Conveyance of Property for the Crop and Soil Sciences Research Facility;
- 2) Resolution of the Governing Body of Michigan State University Approving Conveyance of Property for the Animal Agriculture – Farm Buildings Modernization;
- 3) Resolution of the Governing Body of Michigan State University Approving Conveyance of Property for the Animal Agriculture – Infectious Disease Containment Facility; and
- 4) Resolution of the Governing Body of Michigan State University Approving Conveyance of Property for the Animal Agriculture – Equine Teaching and Research Center.

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

F. Fund Functioning as an Endowment

The Trustee Finance Committee recommended to the Board of Trustees establishment of a fund functioning as an endowment entitled: The Florence B. Burke Scholarship.

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

Mr. Pittman explained that income from the Florence B. Burke Scholarship would be used to provide an ongoing source of scholarship monies to encourage and support students who seek to pursue careers in veterinary medicine and who need financial resources to achieve their goals.

G. Audited Financial Statements for the Year Ended June 30, 2004

The Trustee Finance Committee recommended that the Board of Trustees accept the audited financial statements for the fiscal year ended June 30, 2004. (Attachment E)

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

H. Revised Asset Allocation

The Finance Committee recommended that the Board of Trustees adopt a revised asset allocation for Michigan State University's common investment fund. (Attachment F)

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

I. Investment Manager Appointments

1) The Trustee Finance Committee recommended to the Board of Trustees the selection of the Vanguard REIT Index Fund as a passive inflation hedge manager.

2) The Trustee Finance Committee recommended to the Board of Trustees the selection of Prism Venture Partners as a venture capital manager.

3) The Trustee Finance Committee recommended to the Board of Trustees the selection of Park Street Capital, L.L.C., as an inflation hedge manager.

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

8. Policy Committee

Chairperson McNamara presented the Trustee Policy Committee report and recommendations.

A. Opening of the Academic Year

Trustee McNamara reported that during the Policy Committee Meeting, Provost and President Designate Simon and others presented the Preliminary Fall 2004 Enrollment

Report and the Status Report: Opening of Academic Year.
(Attachment G)

B. Approval of Contract Terms and Conflict of Interest
Management Procedures

- 1) The Trustee Policy Committee recommended that the Board of Trustees approve the administration's recommendation for execution of an agreement with AFID Therapeutics, Inc., consistent with earlier public notice given on October 10, 2003, and an applicable "License Amendment Term Sheet." (Attachment H)
- 2) The Trustee Policy Committee recommended that the Board of Trustees approve the administration's recommendation for execution of a research contract with Biophotonic Solutions, Inc., consistent with earlier public notice given on October 10, 2003, and an applicable "Research Contract Term Sheet." (Attachment I)
- 3) The Trustee Policy Committee recommended that the Board of Trustees approve the administration's recommendation for execution of three separate research agreements with IC Tech, Inc., consistent with earlier public notice given on June 18, 2004, and an applicable "Research Contract Term Sheet." (Attachment J)
- 4) The Trustee Policy Committee recommended that the Board of Trustees approve the administration's recommendation for execution of a license agreement with SiGNa, LLC, consistent with earlier public notice given on May 7, 2004, and an applicable "License Term Sheet." (Attachment K)

On a motion by Ms. McNamara, supported by Ms. Cook,
THE BOARD VOTED to adopt the recommendations.

10. Chairman's Report

Trustee Porteous welcomed students and faculty, both new and returning, as the new academic year began at Michigan State University.

There was a news conference at Beaumont Tower last week that announced the upcoming Sesquicentennial events. The events will offer an opportunity for current Spartans to celebrate, as well as for alumni to reconnect with the University. The dedication later today of the statue of John Hannah is an appropriate kickoff ceremony to celebrate the University's 150th anniversary. Mr. Porteous announced that Trustee Cook would act as Board liaison to participate in planning Sesquicentennial events.

Mr. Porteous thanked everyone who was involved in working with legislators as they deliberated on the Higher Education Bill. Michigan State has established a reputation of being a good steward of taxpayers' dollars and tuition dollars. Mr. Porteous asked that members of the University community extend their thanks to Speaker of the House Rick Johnson, Majority Leader Ken Sikkema, legislators Gretchen Whitmer and Dianne Byrum, all of whom were advocates for Michigan State, as well as to Governor Granholm and members of her staff. The tireless work over a long period of time of President McPherson, Dr. Simon and Vice President Webster and his team facilitated a positive outcome for MSU. Had there been a different outcome, the budget cuts that were proposed would have been devastating for this institution.

Trustee Porteous pointed out that on September 18th, Michigan State University will be featured all day on ESPN. This will be a great opportunity to engage a worldwide audience. Responsible celebration will be important. Prior to the meeting, the Student Liaisons to the Board expressed concerns about appropriate celebrations and preserving the dignity and educational mission of this University. Mr. Porteous called upon all students and all members of the MSU family, to ensure they celebrate appropriately to avoid problems that might embarrass the University. The Student Liaisons said that ASMSU and a number of campus groups are exploring a variety of initiatives to help address this concern.

11. Trustees' Comments

- A. Trustee Cook endorsed Chairman Porteous' remarks about the assistance of those who helped protect MSU's budget appropriation.

Ms. Cook commented that, even though there is a very large student body during summer semesters, the energy on

campus is extraordinary when the new academic year begins. Others may say the new year begins in January, but for the University, the new year begins in late August. Ms. Cook congratulated everyone on a great start to the new school year.

Trustee Cook pointed out that many distinguished visitors will be welcomed to campus in the next couple of days when the President's Campaign Cabinet will meet and to attend the Hannah statue dedication and symposium on the history, legend and contributions of Dr. Hannah.

- B. Trustee Gonzales said she is looking forward to the Hannah statue dedication. She said it is a wonderful acknowledgement of a person who did so much to make Michigan State the institution it is today. Dr. Hannah is truly a legend.

Ms. Gonzales thanked the students from the College Assistance Migrant Program (CAMP) who attended the Board meeting. She said it is very important for students to learn the function of the Board and invited them to return often and to be active in the policy issues that are addressed monthly.

- C. Trustee McNamara passed.
- D. Trustee Nugent congratulated Dr. Gray on his recent appointment as Vice President for Research and Graduate Studies and welcomed him to his first Board meeting in that capacity. Mr. Nugent said he knew that Dr. Gray would do an excellent job.

Mr. Nugent noted that, in addition to being the 150th anniversary of Michigan State University, the 25th anniversary of the cherry industry research station was recently celebrated in Traverse City. The cherry industry likes its trees to have a view of Lake Michigan, so 25 years ago the industry raised \$350,000 and built a research station that it leased to the University for \$1 per year for 99 years. Because Chairman Porteous was unable to attend the celebratory event, members of the cherry industry asked Trustee Nugent to present to Mr. Porteous a very beautiful cherry tie.

- E. Trustee Romney commented that he would like to have future reports on enrollment of African American students. Even though applications were fewer statewide, MSU needs to explore the reasons for movement in that direction.

Mr. Romney welcomed the Student Liaisons and expressed his appreciation to them for sharing their thoughts about various important aspects of the University.

Trustee Romney also expressed his pleasure at the success in maintaining MSU's State appropriation. He thanked the Governor and legislators, as well as MSU administrators who worked so hard to achieve that outcome.

Trustee Romney noted the profound affect John Hannah had on students, whether they studied at MSU while Dr. Hannah was President, or after. He said he felt Dr. Hannah's statue on campus would represent his presence in the lives of all Spartans in the future.

- F. Trustee Pittman said that the Trustees have had an opportunity to evaluate and assess the financial statements of the University, and he was pleased to report that, as a result of excellent financial management and leadership by President McPherson and his entire administrative team, last year's financial results indicate a continued improving strength of the University's balance sheet. The decisions and cost controls have helped the University to remain strong. The audit results are excellent, and Mr. Pittman thanked those involved in the audit process for their hard work.

Mr. Pittman welcomed Vice President Webb and said it was good to see him at the Board meeting. Trustee Nugent commented that although Mr. Webb is a little thinner, his smile is broader.

- G. Trustee Ferguson passed.

11. Public Participation on Issues Not Germane to the Agenda

There was no public participation on issues not germane to the agenda.

12. An Executive Session was not requested.

13. On a motion by Mr. Romney, supported by Mr. Nugent, **THE BOARD VOTED to adjourn** at 10:12 a.m.

Respectfully submitted,

L. Susan Carter
Secretary of the Board of Trustees