

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

December 9, 2005

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, December 9, 2005. Minutes of the meetings 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 9:33 a.m. in the Board Room.

Trustees present: Dolores M. Cook, Joel I. Ferguson, Melanie Foster, Dorothy V. Gonzales, Colleen M. McNamara, Donald W. Nugent, 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, Webb and Webster, Senior Advisor and Director Granberry Russell and Executive Director Williams. Faculty liaisons present: Norm Abeles (for Jon Sticklen) and Ross Emmett. Student liaisons present: Brad Love, Robert Murphy, Andrew Schepers and Emily Sorroche.

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

1. On a motion by Trustee McNamara, supported by Trustee Foster, **THE BOARD VOTED to approve** the agenda.
2. On a motion by Trustee Porteous, supported by Trustee Foster, **THE BOARD VOTED to approve** the minutes of the meetings of September 16, 2005 and October 21, 2005.
3. GPA Awards

Trustee Porteous presented GPA Awards to the following students:

1. Neil J. Bokemeier, Okemos, MI – Major: Mechanical Engineering; College of Engineering; Member of the Honors College; 4.0000 GPA
2. Julia Cameron, Kalamazoo, MI – Major: Geography; College of Social Science; Member of the Honors College; 4.0000 GPA

3. Elizabeth Glover, Grand Rapids, MI – Major: Communication; College of Communication Arts and Science; Member of the Honors College; 4.0000 GPA
 4. Ryan D. McCollum, Flushing, MI – Major: Mechanical Engineering; College of Engineering; 4.0000 GPA
 5. Gail Pallister, Walled Lake, MI – Major: English; College of Arts and Letters; Member of the Honors College; 4.0000 GPA
 6. Sarah Swistak, West Bloomfield, MI – Major: Journalism; College of Communication Arts and Science; Member of the Honors College; 4.0000 GPA
4. President's Report

President Simon presented a brief review of her recent travels. While in New York, she saw the interaction of young alums as they begin their careers, and their blending with individuals who have been very successful yet still feel very passionately about Michigan State. MSU's New York community was excited about this visit and hopes the President and basketball team come back more often. This trip was outreach on behalf of the University as well as part of the Capital Campaign.

President Simon commented on the opportunity she had at the National Association of Schools, Universities and Land Grant Colleges (NASULGC) meeting to talk about international programs at Michigan State and to be part of the presidents' panel on internationalizing the curriculum.

President Simon spoke of her participation in last week's National Summit on Competitiveness. The conference is a joint gathering of executives in business, education, manufacturing and other areas to discuss the Summit topic: Investing in U.S. Innovation. President Simon indicated that the National Academies Report "Rising Above the Gathering Storm" showed a need to improve dramatically the number of American students going into science and math, as well as students' overall competency in science and math, as keys to America's future. She noted the number of students going into mathematics education at Michigan State is large compared to similar programs elsewhere. President Simon voiced optimism regarding the way the University connects to the community, particularly Michigan. She feels optimistic that Michigan State is on the right track with respect to its values and approach. This thought was reaffirmed in conversations with leaders of business and industry.

President Simon mentioned that the North Central Accreditation will be coming up in February. She said its focus would be the University's international programs and international dimension. This is an opportunity

to use a once a decade event to help MSU become even better at one of its core strengths.

President Simon stated that a formal report from Dr. Barbara Steidle would not be made regarding Hurricane Katrina at this meeting; however, Dr. Steidle has done a terrific job. President Simon acknowledged the contributions to date of the faculty, staff, students and alums. Approximately \$184,000 has been raised and distributed among a variety of charities. In addition, President Simon mentioned that there is no dollar value that you can put on the time and energy people are giving. All of these efforts are greatly appreciated, yet there is going to be a continued need for this work.

President Simon announced that the institutions in New Orleans are opening next semester and they desire their students return home. They have requested that universities not continue the very generous support being provided around the country because the survival of the New Orleans institutions depends upon students returning. Students who wish to stay at Michigan State will be moved through the normal application process for spring semester, and provided the normal financial assistance packages.

President Simon told the Board of Trustees that she had had the pleasure of meeting with Lansing's new mayor, Virg Benero. She noted that MSU faculty and staff are members on his transition teams, thinking about ideas and plans for the City of Lansing. Similarly, she had a chance to meet with East Lansing's newly elected mayor, Sam Singh, to begin dialogues which will be very productive for Michigan State, particularly for its students.

President Simon thanked those who attended the reception in Grand Rapids on December 3rd. This reception presented an opportunity to talk about the expansion of the College of Human Medicine in the Grand Rapids area and at the same time reaffirm that the College of Osteopathic Medicine will sustain its longstanding relationship with Metropolitan Hospital. The Oversight Committee was directly involved in all details of planning for the Grand Rapids expansion, as requested by academic governance, and endorsed the "Proof of Concept."

President Simon said that the College of Human Medicine and its faculty are now at the point of considering the proposal and next steps in a more formal way. The Oversight Committee has recommended that it be disbanded and planning for the Grand Rapids expansion move into the normal academic governance process in the College of Human Medicine.

President Simon gave an update of the Capital Area Health Alliance New Digital Information Project in the Mid-Michigan area, which was announced last month. Michigan State has some support from the Department of Community Health to make this a demonstration project in electronic medical records. This project will have applicability in other communities around the State. She commented that Michigan State is appreciative of the support of the Ingham County Health Department, the Capital Area Health Alliance (CAHA) group, Ingham Regional, Sparrow, and other agencies, as well as the Department of Community Health. President Simon noted that this project is going to be a very important component in reducing health care costs and improving quality.

President Simon also noted that in Lansing the Graduate Manifestation and Consortium has been reformed to try to make sure that the residency spots in this community are filled, which is also important for quality health care.

Regarding the tentative agreement between Michigan State and the MSU Coalition of Labor Unions, President Simon noted that this is a 4-year contract that affects nearly 5,400 support staff. She is hopeful that it will be ratified by the unions' memberships in the near future.

President Simon congratulated several MSU faculty members recognized for their outstanding professional contributions. One of the top ten scientific discoveries announced for the year involved Professor Gary Westfall in the Department of Physics. Drs. Thomas Glasmacher and Michael Thoennessen were both elected to the Academy of Physical Science. Amy Fouty was recognized as the Athletic Turf Manager of the year. President Simon stated that she is pleased with coverage Michigan State is getting locally as well as nationally.

President Simon noted the interesting cross section of speakers at the Commencement this year. Jared Diamond is a renowned scientist and author who has appeared on television programs; Mary Ruth Dawson is an MSU graduate and a pioneer in paleontology; and Hong Kong entrepreneur and philanthropist Jonathan K.S. Choi will be the advanced degree graduate speaker.

President Simon announced that for the first time, Michigan State is conferring an honorary degree electronically. This reflects the global reach of the University. The degree is going to Ahmed Kathrada who was the cellmate of Nelson Mandela and leader of the anti-apartheid movement in South Africa. Mr. Kathrada is a friend of Michigan State; his book was published by MSU Press as part of a long-standing relationship the University has with South Africa.

President Simon said she felt “Team MSU” has had a good semester overall.

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

Provost Kim Wilcox presented the following personnel action:

Hudzik, John, AN-Professor, Office of the Provost;
School of Criminal Justice, to add the title Vice President
for Global Engagement and Strategic Projects, effective
January 1, 2006 to December 31, 2007.

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

Dr. Wilcox acknowledged that Dr. Hudzik is a long-time faculty member of distinction at Michigan State University. He most recently served as Acting Provost and then agreed to serve in a temporary position as Senior Advisor to the Provost as Dr. Wilcox transitioned into the job. During that time the crucial role that Dr. Hudzik plays within the University became clear, both in terms of scholarly leadership and administrative leadership. Dr. Wilcox feels that President Simon’s new directions for the University provide a wealth of opportunities both on campus and off for Dr. Hudzik to use his leadership in assistance to the University. Dr. Hudzik has agreed to spend the next two years devoting a fair amount of his time to assisting Dr. Wilcox rethink some of Michigan State’s administrative processes and integrate them in a way that is consistent with the “Boldness By Design” framework. Dr. Hudzik will also be assisting the President with her efforts to internationalize the campus.

7. Gift Grant and Contract Report

Vice President Gray presented the Gift, Grant and Contract Report for the period October 13, 2005 through November 18, 2005. The report is a compilation of 314 gifts, grants and contracts and 24 consignment/non-cash loans, with a total value of \$39,216,671.97.

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

President Simon asked Dr. Gray how much of an increase this was over last year.

Dr. Gray stated that, in comparison to this time last year, Michigan State is up 12 ½ % on the research side and 15% on the education side, for a total of approximately 13% overall. He said what is more significant is that the NIH funding to date is only \$4 million shy of the total NIH funds of last year. He also mentioned that Michigan State is moving ahead in the NIH arena and that NSF funded research is down a little because of a carry-over from the previous year's budget. In terms of competitive grants, Dr. Gray thinks Michigan State is ahead in categories that are very important.

Vice President Gray introduced Professor Nell K. Duke, Associate Professor of Teacher Education and Learning Technology and Culture and Associate Director of the Michigan State University Literacy Achievement Research Center in the College of Education. He also recognized the director of the program, Dr. Michael Pressley, who could not attend the meeting.

Dr. Duke's work focuses on early literacy development, particularly among children living in poverty. Dr. Duke is the recipient of the International Reading Association Outstanding Dissertation Award, the National Council of Teachers of English Promising Researcher Award, and other numerous awards. She teaches doctoral studies in literacy education at Michigan State University and speaks and consults widely on literacy education. Dr. Gray also acknowledged Carol Ames, Dean of the College of Education, as a supporter of these programs.

Dr. Duke thanked the Board of Trustees for the opportunity to speak about the MSU Literacy Achievement Research Center (LARC). She said LARC's mission is to promote and coordinate research efforts to increase literacy and academic achievement of children and adolescents. The mission runs from birth through high school, and LARC also has several projects for teacher candidates. Dr. Duke presented a power point presentation which outlined the LARC program. (See Appendix A)

President Simon thanked Dr. Duke for her presentation.

8. Finance and Audit Committee

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

A. Appointment of Architect/Engineer

It was recommended that M.C. Smith Associates and Architectural Group, Inc. be appointed as the Architect/Engineer for the project entitled: Wilson Road: Farm Lane to Conrad Hall – Reconstruction 2006. (See Appendix B)

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

B. Bids and Contract Awards

It was recommended that the Board of Trustees approve a contract in the amount of \$864,386 to Mid-Michigan Roofing, LLC and that a budget in the amount of \$1,060,000 be established for the project entitled: IM Sports West – Roof Replacement.

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

C. Zoning Variance

It was recommended that the Board of Trustees approve a variance to the University Zoning Ordinance to allow an eight-foot air cantilevered encroachment variance on the fourth and fifth floors of the proposed Chemistry Building addition, over the 40 foot setback specified by the Michigan State University Zoning Ordinance.

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

D. Fund Functioning as an Endowment

It was recommended to the Board of Trustees that it establish a fund functioning as an endowment entitled: The Institute of Public Utilities Endowment Fund.

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

E. 401(a) Defined Contribution Plan

It was recommended that the Board of Trustees adopt a resolution that the administration be authorized to develop, adopt, implement, select a trustee for, and administer a qualified plan as described in Section 401(a) of the United States Internal Revenue Code, and to execute any necessary and appropriate documents in connection with the plan. (See Appendix C)

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

Vice President for Finance and Operations Poston commented that universities today are in need of various options for deferred compensation plans for selected employees in order to be competitive in the recruitment and retention of these individuals. Traditionally, deferred compensation plans are used for executives, but increasingly they have value in recruiting and retaining very high profile faculty and others. In those uses where it has needed to provide deferred compensation, Michigan State has established what the IRS refers to as a 457(f) Plan. Unfortunately, the IRS has changed the rules pertaining to 457(f)'s in ways which make it virtually impossible for the University to employ that mechanism of deferred compensation. Dr. Poston said that after a great deal of discussion with the Benefits Office and the General Counsel's Office, the administration is proposing that the Trustees establish a 401(a) plan. Initially it will be made available to Vice Presidents, but, based on recommendations to the President, other individuals may be offered an opportunity to participate. This will allow the University to deal with recruitment and retention issues for high profile faculty and others should the need arise.

F. Homer Nowlin Estate Income Utilization

It was recommended that the Board of Trustees amend the Homer Nowlin Estate income distribution to fully utilize expendable resources to enhance programs in communities, agriculture and natural resources. (See Appendix D)

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

9. Policy Committee

Trustee McNamara presented the Trustee Policy Committee report and recommendations.

A. Approval of Contract Terms and Conflict of Interest Management

- 1) It was recommended that the Board of Trustees approve the administration's recommendation for execution of a license agreement with *AquaBiochip, LLC*, consistent with earlier public notice given at a Board meeting and with the applicable "Term Sheet for Licenses" presented for inclusion in its minutes. (Appendix E)

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

- 2) It was recommended that the Board of Trustees approve the administration's recommendation for execution of license agreements with *Draths Industries, 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. (Appendix F)

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

- 3) It was recommended that the Board of Trustees approve the administration's recommendation for execution of testing agreement with *Liuman Technologies, LLC*, consistent with earlier public notice given at a Board meeting and with the "Testing Contract Term Sheet" presented to the Board for inclusion in its minutes. (Appendix G)

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

B. Boldness by Design Update

Trustee McNamara introduced Provost Wilcox. Dr. Wilcox reminded the Board that President Simon laid out a plan for the University in her Sesquicentennial Address entitled "Boldness by Design." The plan has a seven year timeline for implementation, from 2005 to 2012. President Simon framed that timeline to mirror what happened between 1855 and 1862. In those seven years Michigan State served as a model for education across the globe and laid the groundwork for the "Morrill Act" of 1862. He stated that if Michigan State could change higher education in that way in the middle of the 19th century, Michigan State should be able to do just as much or more at the beginning of the 21st century. This is part of what makes "Boldness by Design" a plan appropriate to Michigan State University.

The framework is composed of 5 parts:

- Expand International Reach
- Enhance the Student Experience

- Enrich Community, Economic and Family Life
- Increase Research Opportunity
- Strengthen Stewardship

The plan is already guiding Michigan State's institutional budget planning process: Dr. Hudzik and a group of deans have been looking at Michigan State's budgeting processes in an attempt to streamline them, and also to make them fully supportive of "Boldness by Design" in ways that the entire campus community can understand and see.

Provost Wilcox indicated that he has had reports from the colleges and departments across campus on what they can do locally to make their activities align with the "Boldness by Design" directives.

Provost Wilcox spoke about the Fund for Enhancement of Academic Quality, which was instituted when the Board approved the 2005-06 budget at the July Board meeting. At that time, \$9.7 million was included in the budget to enhance academic quality. Provost Wilcox said the name "Fund for Enhancement of Academic Quality" has been shortened to "Quality Fund."

Academic departments and schools were asked to submit short proposals. Staff in the Provost's Office (Vice Presidents Hudzik and Gray, Senior Advisor and Director Granberry Russell, Assistant Provosts Youatt and Stanford, Assistant Vice President Byelich, Director Stewart O'Neal and Senior Consultant Beekman) reviewed the proposals and made recommendations about funding.

Provost Wilcox told the Board that the group was able to fund 37 of the 117 proposals submitted from the colleges. Information regarding the projects that were funded can be viewed on the Provost Office web site at <http://provost.ur.msu.edu>. Provost Wilcox presented a slide presentation regarding Boldness by Design. He specifically thanked Rene Stewart O'Neal for her help with the proposal process. (See Appendix H)

10. Sesquicentennial Report

Trustee Cook announced that the Sesquicentennial celebrations are slowly coming to an end. She thinks that the appearance of Garrison Keillor on campus was significant and a good way to culminate the celebration of Michigan State's 150-year anniversary. She commented on the appearance of President Simon on stage with Mr. Keillor. Trustee Cook complimented the President on her sense of humor and how skillfully she matched wits with Mr. Keillor.

Trustee Cook hopes some of the artifacts that have been produced in honor of the Sesquicentennial will continue to be available for purchase by people who care deeply about the University.

Trustee Cook recognized the work Dr. Sue Carter, Chair of the Sesquicentennial Committee, and others at the University who contributed ideas, energy and time to make the Sesquicentennial a success. She also appreciates all those who helped to celebrate this occasion. (See Appendix I)

11. Chairman's Report

Trustee Porteous thanked Trustee Cook on behalf of the Board for her willingness to chair the Sesquicentennial Committee and to be the Board liaison with the Committee.

He congratulated Trustee Nugent for receiving the Michigan State Horticulture Society's Distinguished Service Award on December 7, 2006. Speaking for the Board, Trustee Porteous stated that the Board members are extremely proud of what Trustee Nugent does for the agriculture and horticulture industries and societies in Michigan.

Trustee Porteous told President Simon how much the Board appreciates her hard work. He said that if he had to give her a grade, he would give her a 4.0 for her service this past year. He feels she has done an extraordinary job and cited the Capital Campaign and the Grand Rapids Medical School initiative as two examples.

President Simon thanked Mr. Porteous for his kind words but added that the efforts were a function of "Team MSU." She believes the University can improve and will get better.

12. Trustees' Comments

Trustee Cook expressed her thanks to Dr. Roy Simon for being supportive of the President. She said his love of this institution is evident by how he shares the President's passion and love for the University in a very supportive way. Trustee Cook told President Simon that the presidency makes extraordinary demands on her personal life. She thinks President Simon has an amazing amount of energy which has benefited Michigan State and Team MSU. Trustee Cook affirmed that it has been a great year and personally thanked the President for her contributions.

Trustee Romney congratulated President Simon and Team MSU for a fabulous year. He said he has heard many wonderful comments from people who, if they were here, would thank her for her efforts.

Trustee Nugent told the President that she has done a great job. He said he looks forward to the graduation ceremonies because they are a fun time.

Trustee Foster told the Board she feels the Board is working cohesively as a team. She stated that everyone will not always agree, but the Trustees respect each other's opinions. President Simon believes it is a very healthy form of governance and looks forward to the coming years.

Trustee Nugent added that he has met a lot of prominent alumni who are truly enamored with President Simon's leadership at the University. They have a sense that the helm is being steered in the right direction and they feel President Simon is the right person for 21st century leadership at Michigan State.

Trustee McNamara said she agreed with the comments of her colleagues.

Trustee Gonzales said one of her favorite sayings is, "The best man for a job is a woman." She believes President Simon has definitely done a great job for MSU.

Trustee Ferguson stated that he believes President Simon's leadership has put in place a foundation that will make Michigan State University even better in the years to come. He stated that gender has never been an issue with him and he feels the University has the best person it could possibly have for the job. One of the things that make President Simon such a great leader is the experience she had before she became president. Having people who understand the climate and the culture of the institutions that they are going to run really gives leaders a head start.

Trustee Ferguson also commended the Trustees for working well together. He added that they respect each other, and President Simon's leadership has made it even better.

13. There was no Public Participation on Issues Not Germane to the Agenda.
14. An Executive Session was not requested.

15. On a motion by Trustee Porteous, supported by Trustee Nugent, **THE BOARD VOTED to adjourn** at 11:27 a.m.

Respectfully submitted,

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