

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

January 14, 2005

The 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, January 14, 2004. 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 10:28 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 (by telephone).

University officers present: President Simon, Acting Provost Hudzik, Vice President Poston, Secretary Carter, Vice President and General Counsel Noto, Vice Presidents Denbow, Gray, June and Webb, Senior Advisor and Director Granberry Russell and Director Williams. Faculty Liaisons present: Melanie Helton, Robert Maleczka, Susan Melnick, Michael Moch and Jon Sticklen. Student Liaisons present: Kierra Hill and Daniel Weber.

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

1. On a motion by Mr. Porteous, supported by Ms. Gonzales, **THE BOARD VOTED to approve** the agenda.
2. On a motion by Mr. Nugent, supported by Ms. Gonzales, **THE BOARD VOTED to approve** the minutes of December 10, 2004.
3. Election of Board of Trustee Officers

On a motion by Ms. McNamara, supported by Mr. Ferguson, **THE BOARD VOTED to elect** Trustee David L. Porteous as Chairperson for a period of two years, effective immediately.

On a motion by Mr. Nugent, supported by Ms. Gonzales, **THE BOARD VOTED to elect** Trustee Joel I. Ferguson as Vice Chairperson for a period of two years, effective immediately.

Trustee McNamara said that the Board has faced incredible challenges over the past two years: budget stresses; a president who spent time in Iraq; highly controversial issues, like expansion of the medical school; the end of McPherson's presidency; the selection of Dr. Simon as president. Ms. McNamara said that during that time, Trustee Porteous served as Chair over eight separately elected people with extremely strong opinions and varied personal styles. Ms. McNamara commended Trustee Porteous for closing rifts and working tirelessly to build consensus on the Board. She noted that he is very patient with the process and with members of the Board who are not patient with the process. Mr. Porteous represented the University at many public events, speaking with dignity and intelligence. Trustee McNamara said no one could doubt Mr. Porteous' love and enthusiasm for this University, and Ms. McNamara expressed her pride in having Trustee Porteous represent the Board of Trustees as Chair.

Trustee Nugent expressed his appreciation for the great work done by Mr. Ferguson while serving the Board of Trustees as Vice Chair during the past two years.

Trustee Ferguson said that he felt Trustee Porteous has done an outstanding job as Chair of the Board. Mr. Ferguson pointed out Mr. Porteous' dedication and hard work to smooth the waters and to ensure that the Board finds consensus. Trustee Ferguson said all members of the Board look at what is best for the University without regard to party affiliations. Mr. Ferguson thanked the Board for electing him as Vice Chair and said his job is made easier by the fact the Trustee Porteous does such a capable job as Chair.

Trustee Porteous thanked Ms. McNamara and Mr. Ferguson for their kind and gracious remarks. Mr. Porteous said that the accomplishments of the past two years are a credit to the entire Board. The dynamics and interchange between Board members make serving on the Board of Trustees enjoyable – in spite of the challenges and in spite of the fact that the Trustees not always agree. Trustee Porteous said he was extremely honored to have a Board of seven other outstanding individuals entrust him with this opportunity. Mr. Porteous commented that the top-flight administrative team and the extraordinary faculty, students and staff with whom the Trustees work enhance the experience of serving on the Board. Trustee Porteous said he looked forward to the next two years – a new Board, a new administration and new challenges.

4. President's Report:

President Simon said it was a memorable New Year's Day for the Simon family. Much has been said about the actions this Board took to appoint her as the twentieth President of Michigan State University. Dr. Simon thanked the Board for giving her an opportunity to play a different position on Team MSU. President Simon said she looked forward to working with the Board and the campus community to write the next chapter of Michigan State's rich and ongoing history. Dr. Simon said that when the Bicentennial is celebrated in 2055, she hopes this period of time would be looked on as one that propelled Michigan State University in new directions, but also into greater national and international prominence. President Simon expressed appreciation for the confidence in her abilities that was demonstrated by the Board

President Simon cited the difference in today's Board meeting, saying that she will continue to work toward openness and transparency; this is a shared commitment. Dr. Simon continued that she is excited to work with this Board and its leadership team. She emphasized that it has been terrific to work with Trustee Porteous the past two years, and she looked forward to continuing their work together.

President Simon noted that the tsunami event had dominated much public attention over the past couple of weeks. The Michigan State University community sprang into action immediately after the event, with alumni, faculty and staff working with their contacts in the region to offer assistance. A candlelight vigil was held at the Wharton Center as a symbol of the University's connection with and support of those in the region which were affected. University Relations established a web site to coordinate University-related responses. It includes organizations where contributions may be directed. Additionally, the University has established a relief account where individuals may make a direct contribution to MSU. Student leaders from affected countries have been actively working with their constituents, as well as leading efforts within the University community. Deborah DeZure, Assistant to the Provost, is chairing a group that will decide how the tsunami can be an instrument for education, examining the physics of waves, the international relief organization systems' obstacles and issues, psychological effects in individuals and countries, responses by many religions to this cataclysmic event, etc.

President Simon observed that the University would be commemorating Martin Luther King, Jr., Day, beginning tonight. Dr. Simon deferred to the public participants who will speak later in the meeting to advise of celebratory events.

President Simon mentioned the first Sesquicentennial book has been published. It is titled ***Michigan Agricultural College: The Evolution of a Land-Grant Philosophy, 1855–1925*** by Keith R. Widder. Dr. Simon said it is a spectacular

book, and she urged everyone to take the opportunity to read it. She said it articulates many threads and roots that need to be continued in the future.

President Simon said that, at future Board meetings, research endeavor presentations would be made. Dr. Simon introduced Dr. Ian Gray, Vice President for Research and Graduate Studies to expand.

Dr. Gray said he felt it was very important that the research agenda of the University be highlighted as it moves into the research-intensive 21st century land grant university. Research across the breadth of the University includes biomedical physical sciences, but also creative endeavors. Balance across the overall University research portfolio will brand MSU as a great research institution.

Dr. Gray affirmed a commitment in his department to work closely with the Graduate School to link excellence in research to graduate education, as well as undergraduate education. Dr. Gray said it is incumbent on his department to work closely with the Provost and faculty development to ensure that the research agenda of the University is evenly balanced, focused, futuristic and consistent with the ideals and values of a land grant university. MSU has an excellent Agricultural Experiment Station that, coupled with the extension programs and the outreach engagement programs of Dr. Fitzgerald, makes this University unique.

Dr. Gray emphasized his commitment to excellence in scholarship in order to advance the many disciplines MSU has in the research and creative endeavors, which, in turn, will enhance grants. Dr. Gray confirmed that during the next few Board meetings, research will be highlighted, including plant science, life science and biomedical research programs, environmental science and policy, family, nanoscience and nanotechnology, humanities, as well as activities related to compliance. Compliance and regulations affecting research have greatly intensified during the past decade or so. Changes have been made in the human subject program, animal care, environmental compliance and export control and trade sanctions. Dr. Gray advised that there is a commitment of approximately a million dollars from the office of the Vice President of Research and Graduate Studies and the Life Science Corridor to centralize genomic technological facilities, that are used by over 200 faculty. The University has accrued \$325 million of outside grants related to those activities over the last four years. Advancement of technology and subsidizing funding of technology must continue.

Dr. Gray said his goal is that the Office of Vice President for Research and Graduate Studies be recognized as research friendly and faculty friendly. He continued that from his personal experience as a member of faculty and experienced frustration with central administration with respect to research infrastructure. He understands the frustrations, and he intends to put

mechanisms in place that enhance faculty, as well as graduate education. Dr.

Gray said he looks forward to the opportunity to highlight MSU research success stories.

President Simon noted that Dr. Gray has been in his position as a University Vice President for only a few months, and it is apparent that he is looking at opportunities with fresh eyes. He has facilitated moving the MSU research agenda forward.

5. Public Participation on Items Germane to the Agenda

Erik Green, Director of Racial, Ethnic and Progressive Affairs for the Residence Halls Association welcomed Trustee Foster to the Board of Trustees. Mr. Green said that the Sesquicentennial is important to the entire MSU community. Mr. Green said that successes and struggles have been experienced during the 150 year history of this University. Many progressive issues have come to this University from faculty, staff and students. Mr. Green said struggles remain and must be faced in the future.

Mr. Green welcomed Dr. Simon as the University's president and said he appreciated Dr. Simon's commitment to diversity while serving as Provost and that he looked forward to her continued commitment to it while serving as President.

6. Personnel Action

Acting Provost Hudzik presented the following personnel action:

Conley, Barbara A., AN - Professor, Department of Medicine, \$225,000, with Tenure, effective February 1, 2005.

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

Dr. Hudzik said that Dr. Conley is proposed to be the new chief of hematology - oncology in the Department of Medicine in the College of Human Medicine. Dr. Conley is a 1979 graduate of the College of Human Medicine and has had an illustrious career. She comes from the National Institutes of Health, where she is the head of the Aerodigestive Cancer Clinical Research Section for the National Cancer Institute and head of the Phase One Trial Consultation Service for the NCI. She boarded in medicine and oncology and actively teaches fellows and sees patients. She is well published and has generated NIH grant support, both externally and internally. Dr. Hudzik said Dr. Conley will be a very solid addition to MSU's Phase One Trial efforts, a key leader and welcome addition to MSU's clinical practice.

7. Finance and Audit Committee

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

A. Appointment of Architect/Engineers

- (1) It was recommended to the Board of Trustees that DiClemente Siegel Design, Inc., be appointed as the Architect/Engineer for the project entitled: Department of Police and Public Safety – Replace Air Conditioning with Chiller and Air Handling Units.

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

- (2) It was recommended to the Board of Trustees that HarleyEllis be appointed as the Architect/Engineer for the project entitled: Fee Hall – Replace Chillers, Cooling Towers and Pumps.

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

- (3) It was recommended to the Board of Trustees that Design Plus be appointed as the Architect/Engineer for the project entitled: Food Stores – Relocate MSU Bakery.

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

B. Bid and Contract Award

It was recommended to the Board of Trustees that a contract in the amount of \$210,060 be awarded to Sandborn Construction, Inc., and that a budget in the amount of \$310,000 be established for the project entitled: Campus Steam Distribution – Repair Tunnel between Vaults 182 and 183.

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

Mr. Porteous noted that this is the low bid. Mr. Nugent pointed out that Sandborn Construction, Inc., is a woman-owned company.

C. Appointment of the University's External Auditors

It was recommended to the Board of Trustees that KPMG LLP be

reappointed as the University's auditors for FY 2004 - 2005 at a fee of \$256,950, including out-of-pocket expenses; and

That Dr. Fred Poston, Vice President for Finance and Operations and Treasurer, be authorized to sign on behalf of the Board of Trustees the KPMG LLP engagement letter dated November 12, 2004, addressed to the Chairperson of the Finance and Audit Committee.

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

D. Appointment of New Investment Manager

It was recommended to the Board of Trustees that Carlyle Partners be selected as a private equity manager.

On a motion by Mr. Nugent, supported by Ms. Gonzales, **THE BOARD VOTED to approve** the recommendation. Trustee Romney was not present when the Board voted on the recommendation, but had expressed his intent during the Finance and Audit Committee meeting to vote "no" on this motion. The Board asked that Mr. Romney's remarks from the Finance and Audit Committee meeting be included in these minutes.

During the Finance and Audit Committee meeting, Trustee Romney indicated that he would vote against the recommendation because of his concern that Carlyle's most compelling qualification is its political connections. The fund being recommended is \$6.5 billion, and the volume of funds that Carlyle handles is huge. Trustee Romney said that he thought that was not the best private equity investment for MSU.

Mr. Romney said he would like to ask Cambridge Associates to bring alternatives to the Board; he has nothing negative to say about Carlyle, other than its fund is so big, and he fears funds of this size will not be able to realize the same level of return as a billion-dollar fund may.

8. Policy Committee

Trustee McNamara presented the Trustee Policy Committee report and recommendations.

A. Resolution – Vision Initiatives

Ms. McNamara presented the following Resolution:

WHEREAS, the recent work of the committees and task forces associated with specific initiatives to realize the vision of strengthening our mission

and position as one of the 100 best institutions in the world, rooted in land-grant tradition, will continue with some portions approaching completion, and

WHEREAS, the Academic Council has passed a motion resolving that the provost recommend, during the University's Sesquicentennial year, that the MSU Board of Trustees establish a new residential college, and

WHEREAS, the faculty, staff and students serving on the Committees and Task Forces on College Reorganization, a New Residential Living Learning Program, Integrative Studies, Writing and Quantitative Literacy have dedicated hours of study and debate in service to Michigan State University to fulfill the charges given to them,

THEREFORE, BE IT RESOLVED that the Board of Trustees endorses the pursuit of actions that will invigorate and improve the unique quality undergraduate education in the context of a research-intensive, 21st century land grant university, including continuing and timely attention to critical areas such as integrative studies, quantitative literacy, writing and the living-learning experience, including the development of a new residential program in the liberal arts and humanities.

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

B. Notice of Intent to Negotiate a Contract

Trustee McNamara give 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 NamesForLife, LLC, a Michigan company based in Okemos. Dr. George Garrity, a Professor in the Department of Microbiology and Molecular Genetics, and Dr. James Cole, an Assistant Professor in the Microbial Ecology Center, and their immediate families, each cumulatively own or have an option to buy an ownership interest of more than 5% of the company. Dr. Garrity is also a manager of NamesForLife, LLC.

9. Sesquicentennial Report

Trustee Cook, said she has been working with the Sesquicentennial Committee for a few months and reported that she is very pleased that the emphasis of the Sesquicentennial project is on celebration of the academic achievement and intellectual life of this institution. That emphasis blends into many other areas that will be highlighted, such as athletics. The Hannah statue dedication last September was the initial Sesquicentennial event. The first Sesquicentennial activity of 2005 will be Dr. Simon's inauguration in February. Activities from past

eras will be resurrected, such as the water carnival on the Red Cedar River, one of the most beautiful features of this campus. The Sesquicentennial water carnival will be held in October. The homecoming parade will be held on a non-football Saturday this fall. Daylong activities will allow families to spend the entire day on campus. Trustee Cook asked for suggestions as to the grand marshal of the homecoming parade. It will be larger in scope this year to celebrate the Sesquicentennial. Ms. Cook said that beginning in February, there will be a presentation about a Sesquicentennial event at each Board meeting.

Ms. Cook thanked Dr. Carter for her hard work with this very energetic committee and said it has been a pleasure working with her on this project.

10. Chairman's Report

Trustee Porteous welcomed Dr. Simon to her first meeting of the Board of Trustees in her role as President. Mr. Porteous noted this Board meeting has dealt with substantive issues in which the President is well versed; the President was involved in the Cherry Commission that has recently issued its report, the content of which was pivotal for all universities in the state of Michigan.

Trustee Porteous welcomed Trustee Foster back to the Board. Mr. Porteous said he is aware that Trustee Foster worked very hard when she was on the Board, and he looked forward to that energy returning to this Board. Mr. Porteous said that Trustee Foster's commitment to the University has been evident in many ways. Mr. Porteous noted Trustee Foster's previous experience as a member of the Board of Central Michigan University, and said he felt that experience will bring a new perspective to this Board.

Mr. Porteous said that Trustee Romney's wife fell while snowboarding over the holidays and broke both of her arms. Mr. Porteous acknowledged Trustee Romney's excellent attendance record at Board meetings and said his best wishes, as well as those of the Board, are with Mr. Romney and his wife.

Mr. Porteous, in his role as Chairman of the Board of Trustees, appointed Trustee Cook as Board of Trustees Liaison to the Sesquicentennial Committee.

Chairman Porteous appointed Trustee Nugent as Chairperson of the Finance and Audit Committee. Mr. Porteous said he felt Mr. Nugent's background and expertise will be a valuable asset to that Committee. Chairman Porteous appointed Trustees Ferguson, Romney and Foster as members of the Finance and Audit Committee.

Mr. Porteous appointed Trustee McNamara as Chairperson of the Policy Committee. Mr. Porteous said he felt Ms. McNamara's past experience in that role would be beneficial during the coming term. To serve with Trustee

McNamara on the Policy Committee, Trustee Porteous appointed himself and Trustees Cook and Gonzales.

Mr. Porteous said, additionally, that an ad hoc committee of the Board would be formed to review compensation levels at MSU, as well as help to formulate benchmarks and guidelines for the evaluation of President Simon. Mr. Porteous appointed Trustee Romney to chair the committee.

Lastly, Trustee Porteous said that during past years, prior to Board Meetings, half of the Trustees would meet with the Faculty Liaisons to the Board and half would meet with the Student Liaisons to the Board, on a rotating basis. This practice provided a vehicle for the exchange of ideas between the Liaisons and the Board. Trustee Foster suggested, during a joint meeting of Faculty and Student Liaisons and Board members that, for greater continuity and fuller debate and discussion, four Trustees (two from the Policy Committee and two from the Finance and Audit Committee) be permanently assigned to meet with each Liaison group during the academic year. Trustee Porteous suggested that this configuration be put in place by the February Board meeting.

Trustee Porteous indicated he is very pleased with the events that have been scheduled to celebrate the Martin Luther King, Jr., holiday on the Monday following the Board Meeting. Mr. Porteous encouraged everyone at the University to be involved in this very special and important day.

Trustee Porteous, in keeping with the rich tradition of this University offered a Resolution related to the tsunami tragedy. (Attachment A)

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

11. Trustees' Comments

- A. Trustee Cook said that she felt the University was very fortunate that no faculty or students lost their lives in the tsunami.

Ms. Cook welcomed the new President and commented that it would be a pleasure to serve with President Simon. Trustee Cook said she would do everything of which she is capable to support Dr. Simon's presidency and help make it successful. Ms. Cook said that Dr. Simon has had an illustrious career at Michigan State, and this is the crowning glory for all the dedication, service and love that President Simon feels for this University.

Trustee Cook welcomed Trustee Foster back to the MSU Board of Trustees. Ms. Cook said that it seems natural to see Ms. Foster sitting across the table and that she looks forward to having Ms. Foster on the

Board, as Ms. Foster is truly a Spartan and cares very much for this University and has always demonstrated that.

- B. Trustee Gonzales welcomed Dr. Simon aboard as President and said that Dr. Simon is very deserving of this appointment. Ms. Gonzales said that she and Dr. Simon have been working together since the late 1970s and have seen a lot of changes.

Ms. Gonzales welcomed Trustee Foster back to the Board.

- C. Trustee McNamara echoed the welcome to both President Simon and Trustee Foster.
- D. Trustee Nugent welcomed President Simon and congratulated her on her presidency. Mr. Nugent welcomed Trustee Foster and said he is happy to have her on the Board. Mr. Nugent noted that the Board is now a divided evenly between men and women. In addition, there are two horticulturists on the Board, which is probably a record .
- E. Trustee Foster thanked the Trustees for their remarks. Ms. Foster said there has been a 12-year hiatus since she last served on the MSU Board. It was not a hiatus from higher education, however, because she served for seven-years of the 12 on the Board of Central Michigan University. Ms. Foster said she is delighted to be back on the MSU Board. She said that partisan politics brings the Trustees together, but bi-partisan collaboration makes the University function effectively. Ms. Foster said she is glad to find a true spirit of bipartisanship on the Board of Trustees and expressed her full intent to continue in that mode as the Trustees work collectively for the good of Michigan State University. Trustee Foster acknowledged Trustee Nugent's comment that this is the first time men have not had a majority hold on the Board of Trustees. The University has its first woman president, and Trustee Foster expressed her pride in being part of a Board that now has four women Trustees.
- F. Trustee Ferguson said he had the pleasure of working with Trustee Foster when she first served on the Board. She was an extremely bright and able member of the Board. Mr. Ferguson congratulated President Simon and said her expansive experience with this University makes him believe the best is yet to come.

12. Public Participation on Issues Not Germane to the Agenda

Lauren Clayborne, MSU student, appeared to outline activities scheduled to celebrate the Martin Luther King, Jr., holiday, beginning on the Sunday following the Board Meeting and running through the Monday holiday. Ms. Clayborne mentioned the web site where a complete schedule of activities could be found.

14. An Executive Session was not requested.
15. On a motion by Mr. Porteous, supported by Mr. Ferguson, **THE BOARD VOTED to adjourn** at 11:35 A.M.

Respectfully submitted,

L. Susan Carter
Secretary of the Board of Trustees