

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

November 14, 2003

The Trustee Finance Committee and Trustee Policy Committee meetings were held in the Board Room of the Administration Building beginning at 2:05 p.m. on Friday, November 14, 2003. 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 3:10 p.m. in the Board Room.

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

Trustee absent: Joel I. Ferguson.

University officers present: President Peter McPherson, Provost Simon, Vice President Poston, Secretary Carter, Vice President and General Counsel Noto, Vice Presidents Denbow, Huggett, June and Webster. Faculty Liaisons present: Robert Maleczka, Michael Moch, Arjun Sing and Jon Sticklen. Student Liaisons present: Jared English, Missy Kushlak, Misty Staunton and Kimberly Yake.

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

1. On a motion by Mr. Romney, supported by Ms. McNamara, **THE BOARD VOTED to approve** the amended agenda.
2. On a motion by Mr. Porteous, supported by Mr. Pittman, **THE BOARD VOTED to approve** the minutes of the meeting of October 10, 2003.
3. President's Report

President McPherson noted that:

-- The Broad Foundation pledged \$6 million to fund a partnership between Michigan State University's College of Education and the

Detroit Public Schools to recruit and train the next generation of teachers for the Detroit Public Schools.

-- MSU's debate team continues to excel. It is one of the many jewels at the University.

-- Dr. Ruth Hamilton, who passed on earlier this week, will be sorely missed. President McPherson knew her through her work with international development projects. She was an outstanding faculty member.

-- Secretary of Energy Spencer Abraham on Monday set forth the Department of Energy's priorities for the next 20 years. In the cluster of highest priorities is the RIA Project (Rare Isotope Accelerator). The University continues to work diligently to secure a role in that project.

4. Public Participation on Items Germane to the Agenda

All public participation germane to the agenda was held during the Policy Committee meeting.

5. Personnel Actions

Provost Simon indicated there were no Personnel Actions to come before the Board.

6. Gift, Grant and Contract Report

Vice President Huggett indicated there was no report as to grants and gifts.

Vice President Huggett referred the Trustees to a resolution distributed prior to the meeting relating to the donation of patents from General Motors. A copy of the resolution is attached as Exhibit A.

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

7. The Trustee Finance Committee report and recommendations were presented by Committee Chairperson Pittman.

A. Construction Manager Award

It was recommended that the Barton Malow/Clark Construction Company joint venture be appointed as the construction manager for the project entitled: IM West Fitness Center – Courtyard Renovation.

B. Architect/Engineer Appointment:

It was recommended that Hamilton Anderson Associates of Detroit, Michigan, be appointed as the architect/engineer for the project entitled: Administration Plaza Renovation.

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

C. New Investment Managers

- 1) It was recommended that Reed, Connor & Birdwell be selected as a U.S. small cap value investment manager.
- 2) It was recommended that Mangan & McColl Partners, LLC, be selected as an absolute return manager.
- 3) It was recommended that Texas Pacific Group be selected as a private equity manager.

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

Mr. Porteous indicated that the longstanding policy of the University is to have a diversified portfolio of investments. The track record of this University and its investment advisors has been excellent.

D. Revised Statement of Investment Objectives

It was recommended that the Board adopt the attached revised Statement of Investment Objectives for Michigan State University's Common Investment Fund ("CIF"). (Attachment B) The asset allocation range for foreign common stocks in the Statement of Investment Objectives will be changed from 7.5% - 12.5% to 7.5% - 14%.

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

Mr. Nugent clarified that this does not change the target of 10%, but gives the University more latitude within which to work.

E. Funds Functioning as Endowments

- 1) It was recommended the Board establish a fund functioning as an endowment entitled: Dr. Ellen Brown Endowment in the Department of English. This endowment will provide scholarships to students majoring in English, and to English majors pursuing Secondary English Certification, as well as funds for faculty and student enhancement.
- 2) It was recommended that the Board establish a fund functioning as an endowment entitled: The Minnie E. Newman Memorial Scholarship. This endowment will provide scholarships in memory of Minnie E. Newman for the benefit of graduates of public or private high schools in Ingham County, having a scholastic average of B or better, leadership qualities and such additional qualifications as the MSU Board of Trustees may establish.

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

8. The Trustee Policy Committee report and recommendations were presented by Committee Chairperson McNamara.

A. Revision of Ordinance 21.00 – Alcoholic Beverages

It was recommended that the Board approve a change to Ordinance 21.00 so that Ordinance 21.02 will read as follows:

- .02 The use or possession of alcoholic beverages is prohibited in classrooms, lecture halls, laboratories, the libraries and the chapel.

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

B. Proposal to Restructure and Integrate Three Departments in the College of Agriculture and Natural Resources

It was recommended that the Board approve the proposal to restructure and integrate three departments in the College of Agriculture and Natural Resources: the Departments of Agriculture and Natural Resources Education and Communication (ANRECS), Resource Department (RD) and Park, Recreation and Tourism Resources (PRTR) shall be eliminated and restructured to create the Department of Community, Agriculture, Recreation and Resource Studies (CARRS).

[It is noted that during the Policy Committee meeting, the Board heard comments germane to the issue.]

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

Mr. Nugent said that he had served as a State Officer of the Future Farmers of America (FFA) in his younger years. He commended everyone who worked to develop the restructuring proposal, and he thanked everyone who came to speak before the Board and those who wrote letters expressing their views. There is no question that the agriculture industry is important to this State and its economy, and there is no question that agriculture education is vital to this institution. When Mr. Nugent became a member of the Board of Trustees, he traveled to Cornell University, Texas A & M, U-C Davis and Iowa State to explore their agriculture education programs. He was very discouraged by what he saw at other universities. This institution is absolutely dedicated to the preservation of agriculture, the agriculture industry and agricultural sciences.

There is no question of the importance of the FFA and FFA leadership. Rural communities are changing and the number of farmers continues to drop dramatically. In today's society agriculture and other community enterprises must be integrated.

Mr. Porteous thanked everyone who sent letters and e-mails, who called and who made personal visits to discuss the issue of restructuring the CANR Departments. Mr. Porteous has seen enthusiasm, passion and leadership from the teachers who addressed this issue. The significance of FFA and the agri-science programs are not questioned in our State. Agriculture is the second largest industry in Michigan. Mr. Porteous is supporting the proposal which includes a provision for review in one year and allows the Board to ask for a review at any time in the future to help assure that the concerns that the students, the teachers and the stakeholders have are being addressed appropriately. Dean Armstrong has also demonstrated his love and compassion for FFA and agri-science. His commitment to help ensure the survival of this program is strong.

President McPherson personally affirmed the need to continue to have a strong agricultural education program at MSU. It is part of the commitment that this University has to agriculture and natural resources.

C. Notice of Intent to Negotiate Contract

Pursuant to state law, the Chair of the Policy Committee gave public notice to the full Board of the University's intention to negotiate agreements regarding technology licensing, research and related matters with C-Cure, LLC, a Michigan firm based in Petoskey. Mr. Jeffrey S. Monroe, Assistant Director of Intercollegiate Athletics; Ms. Sally Nogle, an Athletic Trainer in Intercollegiate Athletics; and Dr. Clarence Underwood, an Outreach Consultant in Admissions & Scholarships, and their immediate families, own or have options to buy equity interests of more than 5% of the company.

9. Chairman's Report

Trustee Porteous said the Board was very grateful that when President McPherson took his leave to serve his country, Lou Anna Simon was available to assume the role of Interim President and Provost. At the annual retreat, Dr. Simon requested that she receive no additional compensation. However, the Board wanted to acknowledge Dr. Simon's extraordinary performance as Interim President and Provost. To that end, the attached Resolution was recommended to honor Dr. Lou Anna Simon and Dr. Roy Simon. (Attachment C) Undesignated gift income in the amount of \$30,000

is to be used to establish a fund functioning as an endowment, called the Drs. Lou Anna K. and Roy J. Simon Scholarship Fund, with the proceeds of this fund to be used to provide financial aid to students in the School of Music, especially students in the Jazz Studies Program.

On the motion of Mr. Porteous, supported by Ms. Gonzales, **THE BOARD VOTED to adopt** the Resolution.

10. Trustees' Comments

- A. Trustee Cook said that Mr. Broad spoke very glowingly of the College of Education and his love for Michigan State University when the \$6 million Broad Foundation gift to the College of Education was announced. The gift will help train prospective students from the inner city to be teachers; they will then return to their home community to teach. Mr. Broad said that the College of Education at Michigan State University is the number one teacher training institution in the country. Mr. Broad's interest has broadened and is now focused on other areas of excellence within the University community. Dean Ames and her faculty are to be commended. This is also a very important gift for the City of Detroit and public education, which Mr. Broad stated was significant to his success.
- B. Trustee Gonzales added that the program was very moving and it was very generous of Mr. Broad to award that gift. It means a great deal to people in Wayne County.

Ms. Gonzales also remembered a dear friend who was lost this past week. She asked for a moment of silence to remember Dr. Ruth Hamilton. Dr. Hamilton was a mentor and supporter of young people and will be missed by those who knew her and loved her. An appropriate memorial should be considered at a future time.

- C. Trustee McNamara passed.
- D. Trustee Nugent said that AutumnFest would be held three hours before kickoff of the Penn State football game on November 22nd in the Pavilion. He urged everyone to support this fundraiser for the College of Agriculture and Natural Resources.

- E. Trustee Romney thanked Dr. Simon for her excellent service and devotion during the time she served as Interim President. Mr. Romney also attended the Eli Broad event and was impressed with what Michigan State University, in his view, has contributed to Mr. Broad's life.

Mr. Romney said that the University will again face severe budget challenges. He was proud of the way those involved in the budget process worked together and cooperated with each other and involved everyone most recently. He is pleased with the innovation and creativity that is being demonstrated – even before the process begins.

- F. Trustee Pittman passed.

11. Public Participation on Issues Not Germane to the Agenda

- A. Benjamin Tsedaka spoke on Samaritan Studies. He is Chancellor of the High Priest of the Samaritan people in Israel. The Samaritans are the last people of the Israelite Kingdom.

MSU received one of the largest collections in the world of Samaritan manuscripts; they are located in the Library. He encouraged the University to utilize this collection to promote Samaritan Studies.

- B. Arnold Stieber spoke on behalf of Veterans for Peace. He encouraged the Board to develop conflict resolution policies – if war can be avoided, the government will save massive amounts of money. He encouraged the audience to read “The Plan for the New American Century” that is available on the Internet.

He also addressed the topic of depleted uranium.

Mr. Steiber urged the Board to work toward a policy of conflict resolution and to also take a position on depleted uranium.

- C. Dale Savage appeared on behalf of The Greenhouse of Ferndale. He spoke on access to higher education. There is a national program in place at MSU that can help students who face financial challenges. The program is College Level Examination Program (CLEP) which allows a student to get credit for a class if he or she passes an exam for that class. He

encouraged the Board to consider a broader use of the CLEP to increase accessibility without raising tuition.

12. An Executive Session was not requested.
13. President McPherson thanked the Trustees and others who participated in the Board meeting. Mr. McPherson thanked General Motors for the donation of the patent for removal of contaminants from the soil.

On a motion by Mr. Pittman, supported by Ms. McNamara, **THE BOARD VOTED to adjourn** at 4:02 P.M.

Respectfully submitted,

L. Susan Carter
Secretary of the Board of Trustees