

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

October 12, 2001

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, October 12, 2001. 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 9:47 a.m. in the Board Room.

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

University officers present: President McPherson, Provost Simon, Vice President Poston, Secretary Pogel, Vice President and General Counsel Noto, Vice Presidents Denbow, Greenleaf, Huggett, June, Webb, and Webster, and Senior Advisor and Director Granberry Russell. Faculty Liaisons present: Norman Abeles, Robert Bonner, Robb Clarke, Linda Lou Smith, and Ted Tims. Student Liaisons present: Matthew Clayson, Marisa Cruz, Sam Howerton, and Quinn Wright.

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

1. On a motion by Ms. Cook, supported by Mr. Weiss, **THE BOARD VOTED to approve** the agenda.
2. On a motion by Mr. Romney, supported by Ms. Gonzales, **THE BOARD VOTED to approve** the minutes of September 21, 2001.
3. President's Report
 - A. President McPherson reported that at the suggestion of Trustee Porteous, the University invited New York City police officers and firefighters to Homecoming. These rescue workers were involved in efforts at the World Trade Center on September 11, 2001. Mr. McPherson said that these honored guests would be in the Homecoming parade, and they would be honored at the football game the following day. He added that during the football game, a special collection would be taken for the families of police officers and firefighters who lost their lives.

- B. President McPherson noted that Professor Michael Thomashow recently received the Alexander von Humboldt Foundation Award. The award, he said, is considered the most prestigious award for agricultural research in the United States. Mr. McPherson indicated that Professor Thomashow's work brings credit to the whole University.
- C. President McPherson talked about the University's energy conservation plan. He said that lighting makes up 25% of the University's energy budget. The University could also potentially save \$300,000 if all computers were shut down each night. Thermostats, as we go into winter, should not be above 70 degrees. It is important, he noted, that the entire University community work together to make this plan successful.

President McPherson introduced Mr. Terry Link, who heads the Sustainable Campus Committee, and Julie Bagley, an Advertising senior who is working on student public relations for the energy conservation plan. Mr. Link said that this is a grass-roots effort, and it was important to involve students in the project. He also said that an energy summit would take place on November 6 to look at the University's long-term energy future.

4. Public Participation on Items Germane to the Agenda

There were no requests to address the Board of Trustees on issues germane to the agenda.

5. Personnel Actions

A. Appointments

Provost Simon and Vice President Poston presented the following personnel actions:

- 1) Walker, Nancy E., AN-Professor, Department of Family and Child Ecology, \$72,800, with Tenure, effective July 1, 2001.
- 2) Vinson, Judith A., AN-Associate Professor, College of Nursing, \$100,000, with Tenure, effective January 1, 2002.
- 3) Mason, Ronald Herbert, AN-Head Coach-Hockey, Intercollegiate Athletics, \$173,215, Subject to Contract, effective July 1, 2004 to June 30, 2005.

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

6. Gift, Grant and Contract Report

Vice President Huggett presented the Gift, Grant and Contract Report for the period of August 29, 2001 through September 25, 2001. The report is a compilation of 192 Gifts, Grants and Contracts, 14 Consignment/Non-Cash Gifts, and no Consignment/Non-Cash Loans with a total value of \$16,888,370.78. The Gift, Grant and Contract Report is included with the agenda materials in the Office of the Secretary of the Board of Trustees.

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

Trustee Nugent asked how these numbers compare to last year's at this time. Vice President Huggett said that we are \$8 million ahead, an increase of 10.41%.

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

A. Bids and Contract Awards

- 1) It was recommended that the contract previously awarded to Bornor Restoration, Inc., of Lansing, Michigan, not to exceed \$415,000 be increased to \$750,000, and the budget previously established at \$500,000 be adjusted to \$900,000 for the project entitled: Shaw Hall-Exterior Restoration.
- 2) It was recommended that a contract in the amount of \$649,832 be awarded to Haussman Construction Company of Lansing, Michigan, for the project entitled: Spartan Stadium – Field Replacement. The project budget will be established when the bids for the balance of the construction work are submitted for approval by the Board in February 2002.

On a motion by Mr. Nugent, supported by Mr. Weiss, **THE BOARD VOTED to approve** the Bids and Contract Awards.

Regarding the Shaw Hall-Exterior Restoration item, Trustee Nugent asked how the bid could have been off by 100 percent. Vice President Poston responded that when the project was originally bid out, contractors said that they could not give a fully accurate bid because they did not know the condition of the building under the brick exterior. Once construction began, contractors found, as predicted, that the original bid was insufficient. Dr. Poston assured the Committee that on this type of project, this situation is not unusual.

In response to a question from Trustee Porteous, Assistant Vice President for Housing and Food Services, Chuck Gagliano, said that construction on Shaw Hall began in 1949. Mr. Porteous

added that this budget adjustment is necessary in order to maintain the architecture and integrity of the building.

On the Spartan Stadium – Field Replacement project, Mr. Porteous asked if the University had dealt with Haussman Construction Company in the past. Ron Flinn said that Haussman has been in town for 30 or 40 years and the University has done business with the company.

Trustee Nugent asked if this project fully prepares Spartan Stadium for the installation of the grass modules. Associate Athletic Director Greg Ianni said that is correct, and that this is the second of three bids regarding this project. The third bid, which will come in the spring, will be for the actual installation of the grass modules.

Mr. Ianni gave a brief report on the Stadium project. He said that a well was being added as a water source for the field. A concrete perimeter will be poured which will hold the modules. Air ducts will be installed in the concrete in order to blow warm air under the field, and a porous walkway around the field is also being installed.

Trustee Weiss asked if the grass modules could be removed from the Stadium so that events like outdoor ice hockey and concerts could take place. Mr. Ianni said that is correct. Mr. Porteous added that this is the advantage of the module system over a permanent grass field.

Trustee Romney asked Mr. Ianni if the existing astroturf would be sold and marketed to alumni and donors. Mr. Ianni responded that the turf would not be suitable to sell.

B. Architect/Engineer Selection

It was recommended that DLZ Michigan, Incorporated, of Lansing, Michigan, be appointed as the architect/engineer for the project entitled: Red Cedar Road/Wilson Road Intersection Reconstruction.

On a motion by Mr. Nugent, supported by Mr. Porteous, **THE BOARD VOTED to approve** the Architect/Engineer selection.

C. Investment of Michigan Osteopathic College Foundation Assets with MSU

It was recommended that the administration be authorized to negotiate and enter into an agreement with the Michigan Osteopathic College Foundation (MOCF) to manage MOCF assets as a part of the University's Common Investment Fund.

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

Trustee Weiss asked that General Counsel Bob Noto draw up an agreement to indicate that if there is a downside to this fund, Michigan State University will not be held responsible.

Trustee McNamara asked if, under the present economic situation, funds are receiving the maximum 5.25%.

Vice President Poston said that MOCF has agreed that they will abide by and receive funding according to the MSU Trustees' spending policy. There are some provisions for the invasion of the principle and the removal of funds.

President McPherson added that it is difficult to manage a fund of \$3 million because it does not have the diversification capability.

Trustee McNamara asked if anyone can put money in MSU's common investment fund. Vice President Poston said that is not possible. MOCF is a 501(C)(3), and the University does not make a profit from the management of MOCF funds.

D. Investment Restructuring

It was recommended to invest \$15 million in the Raptor Global Fund of Tudor Investment Corporation.

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

Trustee Porteous said that Cambridge did a good job evaluating a number of funds and suggested three. They thought, however, that this fund would be the best choice.

E. 2002-2003 Appropriation Request

It was recommended to adopt the University's Appropriation Request, including needs for the University General Fund, the Michigan Agricultural Experiment Station, and the Michigan State University Extension.

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

Trustee Nugent noted that this request suggests that the funding gap among Tier One universities be closed in order to bring MSU up to its funding floor.

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

Revision of the Policy "The Naming of Buildings and Facilities at Michigan State University"

It was recommended that the policy "The Naming of Buildings and Facilities at Michigan State University" be revised effective October 1, 2001. A copy of the revised policy is on file in the Office of the Secretary of the Board of Trustees.

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

Vice President Chuck Webb gave a presentation regarding the revised naming policy. He said that because the University will soon enter into its capital campaign, it was important that the policy should be revised. The document will better facilitate gifts to Michigan State, and will serve the University well.

Trustee Cook said she is very pleased with the final document and noted that it gives the University the appropriate flexibility upon entering the capital campaign. She emphasized that these are guidelines, and that the Naming Committee is advisory.

Mr. Romney said that these are very fine guidelines.

9. Chairperson's Report and Trustees' Comments

- A. Chairperson's Report

Chairperson McNamara wished everyone a happy Homecoming.

- B. Trustees' Comments

- 1) Trustee Ferguson said that Mr. Porteous has a lot of ideas and he hit a home run in presenting the idea of inviting the New York City police officers and firefighters to campus for Homecoming.
- 2) Trustee Porteous thanked Trustee Ferguson for his kind comments.

Trustee Porteous talked about the financial health of the University's investments. He said that it has been an extraordinary challenge for any investor over the past year to maintain or enhance investments. He noted that President McPherson's background in finance and investments is an important value-added characteristic for MSU during this period. Mr. Porteous said that it is not luck that the

University's investments have been as successful as they have in the past decade. In the past year, he emphasized, MSU has done well when others have not done nearly as well in managing resources. A significant reason for that is the investment management skills of President McPherson and his team. He said that Michigan State has achieved what it has, not by taking extraordinary risk, but by managing the risk more effectively.

- 3) Trustee Romney wished everyone a wonderful Homecoming and hoped for a successful game the following Saturday.

Trustee Romney complimented the University on the great "Cold War" hockey game that had taken place the previous weekend. He said it brought credit to the University and to the hockey program.

Trustee Romney talked about the Provost's academic vision. He said he's been very pleased with learning more about the process, and complimented the University on its primary goal of providing academic excellence and opportunities for those who are able to come to MSU. Mr. Romney emphasized that he is so impressed with where the University is now and the continuing dedication to move forward.

- 4) Trustee Gonzales congratulated Trustee Porteous for bringing the New York City police officers and firefighters to campus. She said it was an excellent idea.

Trustee Gonzales commented on the Alumni Association's Grand Awards Ceremony that she and Trustees Cook and Nugent attended the previous evening. She said that it was good to see the extraordinary people who have done so much to help Michigan State move forward.

- 5) Trustee Cook said that the Alumni Association's Grand Awards Ceremony is special because of the backgrounds of the awardees. The common themes among them are their expressions of devotion to the University and the ways the University has changed their lives. MSU is a place that nurtures people and allows them to grow. Ms. Cook said that Matt Clayson, ASMSU's Academic Assembly Chairperson, recently told her that it is a great time to be a Spartan, and that people are proud to be at Michigan State University. She agreed that she is also proud to be a Spartan and is proud to be at Michigan State University!

- 6) Trustee Weiss echoed the comments regarding Mr. Porteous' suggestion to bring New York City rescue workers to Homecoming. Mr. Weiss indicated that this, along with the

new scholarship program for victims' children, shows that MSU is a caring place.

Trustee Weiss said he was originally skeptical of the University's investment policy; however, he agreed with Mr. Porteous that President McPherson's knowledge and guidance have been very helpful in managing the University's investments so successfully.

Trustee Weiss said that on the previous evening, he and Trustee McNamara walked through the lobby of Kellogg Center. He said that the Homecoming atmosphere was exciting and it was wonderful to see people come back—accomplished people who are happy to be here. There is a great sense of pride on campus. He added that it is an extreme privilege, as a Board member, to help guide Michigan State University.

Trustee Weiss said that the "Cold War" hockey game on October 6 could have failed, but instead was a huge success and the entire campus pulled together to make it a special evening. He added that press in the U.S. and around the world regarding the game was excellent.

President McPherson added to Mr. Weiss' comments regarding the hockey game. He said that the idea came from the hockey program and was pushed by Associate Athletic Director Mark Hollis. He said that there was some probability that the event could fail, but if you sort through the issues and minimize the risk, you can be more adventuresome.

- 7) Trustee Nugent also talked about the Alumni Association's Grand Awards Ceremony. He said that the speech given by Max Goodwin stole the show. At age 96, Mr. Goodwin accepted his award and said, "Life is a trip and aging's a challenge." Mr. Nugent noted that Alumni Association Executive Director, Keith Williams, planned a great event.

Trustee Nugent thanked Trustees Ferguson, Porteous, and Weiss, along with President McPherson, for the hard work, time and effort that they put into the Finance Committee.

Trustee Nugent thanked the Secretary of the Board for writing a good speech on higher education to be delivered to the Traverse City Rotary Club. He was pleased that the Rotary Club would be so concerned with the future of higher education, and would look to MSU for the answers. He said that it shows that there is broad concern for higher education, reduced tax revenues, and funding for success in the future.

10. Public Participation on Issues Not Germane to the Agenda

Jerry Heathcote, an MSU alumnus and resident of Lansing, commented on the MSU Women's Crew Boathouse Facility in Lansing's Grand River Park. He indicated that he has been involved in rowing for approximately 10 years, and does not favor the new facility because it will use too much of the park's green space. There are other ways to expand the current facility. Mr. Heathcote said that he contacted MSU officials and received no response regarding the facility. He suggested that the Boathouse be fully open to the public for storage and rowing activity.

11. An Executive Session was not requested.

12. On a motion by Mr. Nugent, supported by Ms. Gonzales, the Board voted to adjourn at 10:40 a.m.

Respectfully submitted,

Nancy H. Pogel, Ph.D.
Secretary of the Board of Trustees