

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

December 5, 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, December 5, 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 2:15 p.m. in the Board Room.

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

University officers present: President Peter McPherson, Provost Simon, Vice President Poston, Secretary Carter, Vice President and General Counsel Noto, Vice Presidents Denbow, Huggett, June, Webb and Webster, Executive Director Williams and Senior Advisor and Director Granberry Russell. Faculty Liaisons present: Robert Maleczka, Michael Moch, James Potchen 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. Pittman, supported by Ms. McNamara, **THE BOARD VOTED to approve** the amended agenda.
2. On a motion by Mr. Romney, supported by Ms. Cook, **THE BOARD VOTED to approve** the minutes of the meeting of November 14, 2003.
3. Trustee GPA Award Recipients

Chairman Porteous and President McPherson presented Trustee GPA Awards for 2003 Fall Semester to the graduating seniors listed below. (Joshua Boehme, Mathematics major, GPA 3.9861, was unable to attend.)

<u>Name</u>	<u>Major</u>	<u>Grade Point</u>
Amy L. Rabe	Instrumental Music Education	3.9809
Shane P. Singh	Political Science – Prelaw	3.9700

Matthew C. Pikos	Accounting	3.9541
Zoe E. Waxman	Supply Chain Management	3.9813
Olivia M. Hobbick	Engineering Arts	3.9871

#### 4. President's Report

President McPherson noted that:

-- The National Science Foundation has awarded \$10 million to Michigan State University, the University of Notre Dame and the University of Chicago to establish a Physics Frontier Center for Nuclear Astrophysics. This is a five-year grant to create an interdisciplinary approach to nuclear astrophysics. The National Science Foundation is a major grantor to MSU.

-- MSU's commencement ceremonies are this evening and tomorrow. The speaker for the Advance Degree ceremony is Lewis Coleman, President of the Moore Foundation which focuses on science and higher education. Senator Debbie Stabenow, an MSU alumna and first woman to represent Michigan in the U.S. Senate, will speak at the morning undergraduate ceremony and Bernard Kerik, New York Police Commissioner on September 11<sup>th</sup>, 2001, who also spent several months in Iraq working on reconstruction, will speak at the afternoon undergraduate ceremony. Other distinguished honorary degree recipients include Milton Muelder, Keith Crain and Frank Price.

-- Michigan State University has two students who have been recognized with the George Marshall Scholarship: Jared English of Jackson and Greta Stahl of Shelby Township. They are members of the Honors College and James Madison College and will study in London. Only 40 Marshall Scholarships are awarded nationally. Having two MSU students receive this most prestigious scholarship is extremely rare and special.

-- This month is the 25<sup>th</sup> anniversary of the FDA approval of Cisplatin, created by MSU's Bernie Rosenberg, Loretta VanCamp and Tom Kragis. The cancer treatment drug has been instrumental in curing an array of patients, including cyclist Lance Armstrong.

-- MSU remains the national leader in the Study Abroad program. The focus on affordable, high-quality programs is a key component of an MSU education.

#### 5. Public Participation on Items Germane to the Agenda

Terry Link addressed the proposal to hire a design firm for the Power Plant expansion project. He asked the proposal be tabled in order to

investigate alternative energy sources, other than fossil fuel, as well as to address the issue of demand and supply. He stressed the importance of implementing energy conservation and renewable energy options.

6. Personnel Actions

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

Provost Simon presented the following personnel actions:

Appointment

Gould, Daniel R., AY – Professor, Youth Sports Institute; Department of Kinesiology, \$102,000, with Tenure, effective August 16, 2004.

Other Personnel Actions

- 1) Clarke, Robert H., promotion to Associate Professor, Department of Packaging.
- 2) Uhal, Bruce D., promotion to Professor, Department of Physiology.
- 3) Yakura, Elaine K., promotion to Associate Professor, School of Labor and Industrial Relations.
- 4) Salmon, Charles T., AN – Senior Associate Dean, Communication Arts and Sciences; Ellis N. Brandt Professor in Public Relations, Department of Advertising, for a change in title to Acting Dean and a salary rate change to \$141,205, effective January 1, 2004.

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

Dr. Simon said that Daniel Gould is currently the Bank of America Excellence Professor at the University of North Carolina – Greensboro. He will also become the Director of the Youth Sports Institute.

Dr. Simon further stated that James Spaniolo has been appointed President of the University of Texas – Arlington. This appointment is effective February 1, 2004, necessitating a transition in the leadership of the College of Communication Arts and Sciences.

7. Gift, Grant and Contract Report

Vice President Huggett presented the Gift, Grant and Contract Report for the period of September 24, 2003, through November 12, 2003. The report is a compilation of 330 Gifts, Grants and Contracts, 26 Consignment/Non-Cash Gifts, with a total value of \$43,994,102.78.

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

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

A. Appointment of Architect/Engineer

- 1) It was recommended that Fishbeck, Thompson, Carr & Huber, Inc., of Grand Rapids, Michigan, be appointed as the architect/engineer for the project entitled: Grand River Ramp (#6).

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

Dr. Poston said, by direction of the Trustees, the parking structure will be self-sustaining, paid for by fees from faculty, staff and students. No General Fund monies are used to fund parking. There is a significant parking space deficit on north campus, as well as substantial safety concern associated with Circle Drive on-street parking.

Jeff Kacos, Director of Campus Park & Planning, and Dr. Tom Maleck, Associate Professor of Civil and Environmental Engineering and the University's Traffic Engineer, made a presentation.

Mr. Kacos said the two long-term issues addressed by the proposed parking ramp are parking capacity and traffic safety. During reconstruction of the Bessy ramp in about 2008, its 570 parking spaces will come off-line. North campus currently suffers a shortage of 400 parking spaces and many traffic accidents that occur on the Circle Drives are due to parking problems.

Dr. Maleck said in the last five years there were almost 400 accidents on Circle Drive. Of these accidents, at least 60% were directly related to parking activities with 20% indirectly

related; only 13% involved parked vehicles. Most were caused by sudden lane changes to get into a parking space. Approximately 19% of all traffic accidents on campus occur in the north campus area.

Mr. Kacos pointed out that when the new Music building is constructed it will displace a current surface parking lot.

Mr. Pittman reiterated that the proposed new parking ramp will be funded with parking fees, and that no General Fund dollars will be spent on it.

Mr. Nugent said the Board must address the number of traffic accidents on north campus.

- 2) It was recommended that Cummins & Bernard, Inc., of Ann Arbor, Michigan, be appointed as the architect/engineer for the project entitled: Power Plant Expansion – Unit 5.

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

Dr. Poston said that during the past two to three years, several options have been exhaustively explored, including wind energy, solar energy and nuclear power plants. The University's needs have been examined, and an energy conservation program has been implemented. However, the energy demands of the campus increase, predominately because of additional space and air conditioning of spaces that are rehabilitated. The University needs black-start capabilities, *i.e.*, if the power plant fails, adequate power is needed to restart the first boiler, and thereafter, subsequent boilers. The proposed project includes a steam turbine generator that will utilize the available steam capacity to generate electricity, plus a gas-fired turbine generator that will provide black-start capability for the Power Plant in the event of an inadvertent plant shut-down and loss of utility connection. The option being considered will provide power over the next 30 years for approximately \$84 million more than current expenditures. If the University were to purchase the same power, it would cost approximately \$129 million; this option will save approximately \$45 million.

Ron Flinn, Assistant Vice President, Physical Plant, made a presentation: He emphasized that MSU needs additional power to match current and potential growth. MSU lacks

adequate power blackout protection. Regulatory changes and energy impact negotiations make it prudent to act now. Campus has grown 11% since the last major upgrade at the Simon Plant. The 2020 Master Plan projects additional growth of approximately 17%. On-campus energy demand exceeds on-campus energy supply.

The University was affected by the blackout of August 14, 2003. MSU's substation was off-line at that time, along with Lansing's Board of Water and Light and many of Consumer Energy's circuits. A campus crisis was averted, but some research was lost, and campus wells were without power for varying lengths of time. The lesson learned was that an uninterruptible power supply to campus is increasingly threatened. A professional review was conducted of options that would be reliable, affordable, environmentally sound and cost effective. The project being considered will meet the University's energy needs for 20 years; it is adaptable to future change; the co-generation system uses all heat energy, rather than wasting it.

Mr. Pittman said when he was first presented with this proposal, he was opposed to it. Mr. Pittman spent a great deal of time studying all aspects of the project. Because it is the lowest cost alternative and because of the co-generation aspect, as well as the black-start capability, Mr. Pittman now supports the proposal.

Mr. Nugent emphasized that the value of co-generation feature of the University's power production should not be underestimated. MSU's power costs are the lowest in the Big Ten due to efficiency of operations – particularly, co-generation.

Dr. Poston said that he shares Terry Link's concerns as to the environment, but that action taken today does not preclude the Board from continuing the campus energy conservation programs. From an environmental point of view, MSU's co-generation system is more efficient than systems from which power might otherwise be purchased.

**B. Bid & Contract Award:**

It was recommended that a contract in the amount of \$499,000 be awarded to Era Companies, Inc., of Flint, Michigan, and that a

budget in the amount of \$1,450,000 be established for the project entitled: Baker Hall – Replace Chiller and Substation.

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

Mr. Porteous noted that this was the low bid.

C. Appointment of University's External Auditors

It was recommended that KPMG be reappointed as the University's auditors for FY 2003-2004 at a fee of \$240,000, in accordance with the University's policy on the rotation of auditors.

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

Mr. Pittman said that KPMG has performed with great competence.

D. Adjustment in Line of Credit in Connection with Federal Family Education Loan Program

It was recommended that the Board of Trustees adopt the following Resolution:

BE IT RESOLVED, that the administration hereby is authorized to increase the maximum available amount of the line of credit for use in connection with the Federal Family Educational Loan Program (FFELP), as approved by Resolution of the Board of Trustees on May 9, 2003, to not more than \$75,000,000, for the 2003-2004 fiscal year, and that the administration hereby is authorized to increase the maximum amount of the line of credit, as MSU and MSU-DCL student usage of the FFELP changes, by up to fifteen percent (15%) annually, within the currently authorized maximum amount of \$90,000,000, and to borrow funds up to the new annual maximum amount, and

BE IT FURTHER RESOLVED, that all other authorizations contained in the May 9, 2003, Resolution concerning the FFELP and all actions taken in connection with the Resolution hereby are affirmed and ratified.

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

Mr. Nugent abstained.

E. Tuition Containment Resolution

It was recommended that the Board of Trustees adopt the attached Resolution dated December 5, 2003. (Attachment A)

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

President McPherson said MSU has been an example for universities nation-wide, because Michigan State has kept tuition increases at or below the rate of inflation in seven of the past ten years.

Mr. Romney said that if there is a 3% mid-year reduction in State appropriations to the University, it will be very difficult to absorb. It would cut into the bone of many of MSU's excellent programs and require significant readjustment. This Resolution reflects a pledge by the University.

Mr. McPherson concurred with Mr. Romney's comments and indicated that the spirit of the Resolution also incorporate the understanding that further reductions will be very difficult and will impact the service and programs at MSU and that the University will do all it can to contain costs while maintaining quality.

Mr. Porteous said MSU has an extraordinary history of implementing the land grant philosophy. It is a philosophy the University takes seriously, and it provides tremendous benefit to this State and beyond. Because of MSU's history of tuition containment, cost containment, stretching revenues, bargaining units engaging in substantive and fundamental cost controls for health benefits, faculty taking on additional teaching loads and enhancing productivity and students and administrators working diligently to budget shrewdly, it is disappointing that the legislature – which provides nearly half the University's funding – often loses sight of that history. This Resolution demonstrates the University's continued commitment to cost containment.

Mr. Porteous recognized President McPherson, Vice President Webster and his team for working so diligently to ensure that the political decision makers understand the Michigan State story. MSU's Extension and Experiment Stations have made a huge impact at the grass roots level with the lawmakers.



President McPherson noted that there has never been a time during his ten-year tenure with this much engagement on behalf of the University in communicating with legislators. Mr. McPherson expressed appreciation to the Governor and the state's leadership for listening.

Mr. Pittman said that the two degrees he received from MSU some 20 years ago have served him well. Mr. Pittman is concerned that the University continues to provide a quality degree, with substance, to all students that will serve them well throughout their lifetimes. This Resolution represents the profound concern that all Board members have about the level of tuition. Last year's tuition increase was something that not a single Board member was comfortable with. This Resolution communicates a yearning to keep tuition affordable; the University's objective is to maintain accessibility. He appreciates the hard work of the faculty, administration and Board to be creative in cost cutting.

Mr. Nugent reiterated that the Resolution's pledge not to increase tuition next semester if mid-year budget cuts to the University are limited to 3% or less. This demonstrates to the legislature that the University recognizes the State has a serious problem; it also recognizes that MSU has a serious problem and that 3% is the maximum cut MSU can manage. It demonstrates the University's willingness to cooperate with the State. It is important for students, faculty, administration and Board members to continue to work hard.

Mr. McPherson said he is very pleased that the people of mid-Michigan look on State appropriations as their issue. Much is at stake for MSU and other entities in mid-Michigan.

Mr. Porteous said that Trustee McNamara, many members of the University's bargaining units, students and faculty were at a rally at the State Capitol. Ms. McNamara gave a very nice address on behalf of the Board.

Student Liaison member Jared English said he was pleased that many members of the MSU community had come to the Capitol yesterday. Mr. English introduced Cecily Clark, a pre-med student in Lyman Briggs. During a nationally televised basketball game, she held a sign that said "No More Budget Cuts." It is indicative of student involvement on this issue.

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

A. Proposed Amendment of Anti-Discrimination Policy

It was recommended that the Board of Trustees approve the amendment to Article II(2) of the Anti-Discrimination Policy. (Attachment B)

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

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

1) It was recommended that the Board of Trustees approve the administration's recommendation for execution of a contract with AFID Therapeutics, Inc., consistent with earlier public notice given at a Board meeting and with the applicable "License Term Sheet" as now presented to the Board for inclusion in its minutes. (Attachment C)

2) It was recommended that the Board of Trustees approve the administration's recommendation to allow the University to execute an agreement with C-Cure, LLC, consistent with the earlier public notice given at a Board meeting and with the applicable "Term Sheet" as now presented to the Board for inclusion in its minutes. (Attachment D)

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

10. Chairman's Report

Trustee Porteous gave no report due to time constraints.

11. Trustees' Comments

A. Trustee Cook passed.

B. Trustee Gonzales wished everyone a Happy Holiday.

C. Trustee McNamara passed.

D. Trustee Nugent wished everyone a Happy Holiday.

E. Trustee Romney passed.

- F. Trustee Pittman passed.
12. Public Participation on Issues Not Germane to the Agenda

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

On a motion by Mr. Ferguson, supported by Ms. McNamara, **THE BOARD VOTED to adjourn** at 3:38 P.M.

Respectfully submitted,

L. Susan Carter  
Secretary of the Board of Trustees