

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

December 6, 2002

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, December 6, 2002. 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 9:25 a.m. in the Board Room.

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

University officers present: President McPherson, Provost Simon, Vice President Poston, Secretary Carter, Vice President and General Counsel Noto, Vice Presidents Denbow, Greenleaf, June, Webb, and Webster, Senior Advisor and Director Granberry Russell, and Associate Vice President Hunt. Faculty Liaisons present: Jonathan Hall, James Potchen, Linda Lou Smith, Steven Spees, and Brian Teppen. Student Liaisons present: Jim Ciszewski, Matthew Clayson, Misty Staunton, and Matthew Weingarden.

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

1. On a motion by Mr. Nugent, supported by Ms. Gonzales, **THE BOARD VOTED to approve** the agenda.
2. On a motion by Ms. Gonzales, supported by Ms. Cook, **THE BOARD VOTED to approve** the minutes of October 11, 2002.
3. Trustee GPA Award Recipients

Chairperson Nugent and President McPherson presented Trustee GPA Awards for Fall Semester 2002 to the recipients listed below. Keith A. Int Veld was unable to attend the meeting.

James M. Crane	Mechanical Engineering	4.0000 Grade Point
Scott M. Schaberg	Electrical Engineering	4.0000 Grade Point
Michael D. Tucker	Supply Chain Management	4.0000 Grade Point
Keith A. Int Veld	Mechanical Engineering	3.9866 Grade Point
Aashish A. Shah	Human Biology	3.9784 Grade Point
Walter D. Macklem	Computer Engineering	3.9772 Grade Point

4. President's Report

- A. President McPherson proudly announced that MSU's Study Abroad program is ranked number one in the country in terms of student participation.
- B. President McPherson noted that the MSU Health Team is converting to electronic records, which is an important part of operating efficiently for patients. This is something the University has been interested in achieving for some time.
- C. President McPherson indicated that Fall commencement would be taking place over the next several days. He said that the University would welcome Eli Broad, Eleanor Josaitis, and Mark Malloch Brown to address students, and that everyone is looking forward to the events of the weekend. Mr. McPherson said that commencement is one of the most exciting times on campus each semester.

5. Personnel Actions

A. Appointments

- 1) Rose, Joan B., AN-Professor, H.E. Nowlin Chair in Water Research, Departments of Fisheries and Wildlife; Crop and Soil Sciences; Microbiology and Molecular Genetics, \$150,000, with Tenure, effective January 1, 2003.
- 2) Hamm, Michael W., AN-C.S., Mott Distinguished Professor of Sustainable Agriculture, Departments of Resource Development; Crop and Soil Sciences; Food Science and Human Nutrition, \$153,000, with Tenure, effective January 1, 2003.
- 3) Cibelli, Jose B., AY-Professor, Departments of Animal Science and Physiology, \$140,000, with Tenure, effective January 1, 2003.
- 4) Dodson, Jualynne E., AY-Professor, Department of Religious Studies, \$63,798, with Tenure, effective January 1, 2003.

B. Faculty Promotions and Tenure Recommendations

- 1) Miksicek, Richard J., promotion to Associate Professor, Department of Physiology.
- 2) Medina, Laurie K., promotion to Associate Professor, Department of Anthropology.

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

6. Gift, Grant and Contract Report

Associate Vice President Hunt presented the Gift, Grant and Contract Report for the period of September 26, 2002 through November 21, 2002. The report is a compilation of 334 Gifts, Grants and Contracts and 73 Consignment/Non-Cash Gifts with a total value of \$68,982,157.41. 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. Pittman, supported by Ms. McNamara, **THE BOARD VOTED to approve** the Gift, Grant and Contract Report.

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

A. Bid and Contract Award

It was recommended that a contract in the amount of \$457,000 be awarded to Irish Construction Company, Inc., of Howell, Michigan, and that a budget in the amount of \$710,000 be established for the project entitled: Campus Steam Tunnel – North Campus Substation to Vault 104.

Trustee McNamara asked why the low bidder was not chosen. Trustee Nugent responded that the low bidder has failed to perform in a timely manner on some past contracts, and has caused significant delays.

Trustee Porteous added that he usually prefers to go with the low bidder, but there are exceptional circumstances where the next-lowest bidder should be chosen

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

B. Architect/Engineer Appointments

- 1) It was recommended that Duce Simmons Associates, LLC, of Troy, Michigan, be appointed as the architect/engineer for the project entitled: Veterinary Medical Center – Oncology Addition.

Provost Simon said that the veterinary hospital is a teaching hospital and its value to the community is that researchers perform cutting-edge work. The project provides the revenue for construction of the facility, but the broader project enhances the University's overall research enterprise that is very important to the biomedical discipline.

Dr. Curtis Probst, Chairperson of Small Animal Clinical Sciences, said he is very excited about the project because of what it will do to enhance the teaching and research missions of the college. He said that the department has hired a new director who will begin in June 2003. Dr. Probst indicated that cancer in animals is a problem in the State, and there will be 22,000 new cases of cancer in dogs and cats within a 150-mile radius of East Lansing every year. Animals with naturally occurring cancer, he pointed out, can be very important models to help diagnose and treat cancer in humans.

Trustee Nugent asked why there would be so many cases of animal cancer around East Lansing. Dr. Probst responded that there are approximately 1.7 million dogs and 1.8 cats in a 150-mile radius, and demographically speaking, 22,000 is the projected number of cases for that size of population.

Vice President Poston said that this project is the first of two phases. The first phase will be funded from revenue clinical activities, and the second phase will be funded from donations.

Trustee Pittman emphasized that Michigan State University has been a long-time leader in veterinary medicine. He said that most leading biotech researchers around the country are doctors of veterinary medicine, and this is another opportunity for MSU to be a leader in this area.

President McPherson said this fits in nicely with MSU's focus on the life sciences and the University is in a position to do this research in ways that other institutions are not.

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

- 2) That Hobbs & Black Associates, Inc., of Ann Arbor, Michigan, be appointed as the architect/engineer for the project entitled: Kellogg Center – Renovations of Bathrooms in Hotel Guest Rooms.

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

- 3) It was recommended that HNTB Architects Engineers Planners of Kansas City, Missouri be appointed as the architect/engineer for the project entitled: Spartan Stadium Expansion.

Trustee Romney asked when the architectural design for the stadium would be completed, and what it will cost. President McPherson responded that there is no firm estimate on the cost of the plan. Associate Director of Athletics, Greg Ianni, said the design would be completed in one year, and construction would begin in March 2004 if the decision is made to move forward with the project.

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

C. Funds Functioning as Endowments

- 1) It was recommended that the Board authorize the establishment of a fund functioning as an endowment entitled: Electrical and Computer Engineering Discretionary Endowment.

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

- 2) It was recommended that the Board authorize the establishment of a fund functioning as an endowment entitled: Broad School/Henry Center Endowment.

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

D. Authorization for 457(b) Deferred Compensation Plan

It was recommended that the administration be authorized to develop, adopt, implement, hold assets for, and administer a deferred compensation plan for employees electing to participate in the plan, as described in Section 457(b) of the United States Internal Revenue Code, and to execute any necessary and appropriate documents in connection with the plan.

Trustee Nugent said that this gives employees another opportunity to defer income. Trustee Porteous added that it gives more options to enhance employee retirement at no additional cost to the University.

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

E. Appointment of the University's External Auditors

It was recommended that KPMG be reappointed as the University's auditors for FY 2002-2003 at a fee of \$232,000 in accordance with the University's policy on the rotation of auditors.

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

F. Sale of Rogers' Property

It was recommended that the University enter into an agreement to sell to Gregory W. Baumann a two-story house with approximately 10.22 acres for \$245,000 and that the University administration be authorized to take all necessary and advisable steps in furtherance of the sale.

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

G. Certificates of Participation

It was recommended that the Board adopt the resolution approving the financing structure for certain capital improvement projects and matters related thereto.

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

* At this point, Trustee Porteous left the meeting because of an appointment with the incoming Michigan Attorney General's transition team. Prior to his departure, Trustee Porteous announced to everyone that Trustee Randall Pittman would be conducting the Boston Pops in Ann Arbor that weekend.

8. Public Participation on Items Germane to the Agenda

The Honorable David Hollister, Mayor of the City of Lansing, addressed the Board regarding the Broadband Activities resolution. Mr. Hollister said that, with the help of IBM, he created a blue ribbon committee to put together a digital assessment of the city. The committee found that Lansing is second only to Detroit in the State for Internet connectivity. He said that Lansing is now marketing its role in the region as a provider of information technology and e-commerce. This kind of technology is also important in attracting the Rare Isotope Accelerator to campus, he emphasized. Mayor Hollister pointed out that the committee has several goals: to market the region, to connect K-12 students to the Internet, to promote e-government, and to join unconnected minority communities to the Internet. He said that within five years he hopes that every home and business in Lansing will have access to high speed Internet connectivity. Mr. Hollister ended by saying that Lansing has been recognized as the seventh-most creative city in America for mid-sized cities because of its high-tech development. If Lansing is to become a world-class city, high-speed Internet access for everyone is key.

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

- A. Broadband Activities

Be It Resolved that the University will not participate in any further actions associated with "Project NewCo or Anaconda" or contracts similar to the contract with DTN and TCI/ATT, without approval of the Board of Trustees ("Board"). Specifically this includes spending University resources with respect to forming a for profit company to compete with the private sector in the existing telecommunications marketplace. The University shall promptly prepare a detailed request for information ("RFI") specifying advanced communications requirements that the University perceives for the mid-Michigan community, and conduct an open competitive response process to provide the private sector with the opportunity to meet those requirements, and proceed to secure its requirements from the private sector unless otherwise approved by the Board. The RFI shall be developed with the input of mid-Michigan communities and the private sector entities, and discussed with the Board. Board action is required before the University undertakes any activity relating to the University offering on a commercial basis high speed Internet or gigabit services off campus. The Administration of the University shall update the Board on any steps taken to date for the project referred to as NewCo or Anaconda, or contracts similar to the contract with DTN and TCI/ATT including any contracts entered into, expenditures, consultants and legal fees. The Administration is also to update the Board on their internal gigabit needs.

Trustee McNamara explained that this resolution requires that the Board must approve continuance of Project Anaconda/NewCo, that any continuing commercial telecommunications business must have the approval of the Board, and that the University will work with the community and private providers to determine the high-speed Internet needs of mid-Michigan. The University will also put together a request for information indicating what the University perceives as the requirements for communications in the area.

Trustee Romney thanked Mayor Hollister for addressing the Board on this issue, and praised the University for its interest in Internet technology that will be of great importance to the entire community.

Mr. Romney also thanked Trustee McNamara for raising this issue. He said that the focus of the resolution is to push private industry toward helping to meet this need.

President McPherson added that there is a strong preference for the private sector to promote Internet connectivity, and there is an urgent need for it.

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

- B. Notice of intent to negotiate the following contract was given to the Board of Trustees. Board approval for this agreement will be requested at a subsequent meeting.

Advanced Cell Technology and/or Cyagra, a subsidiary of Advanced Cell Technology. Earlier in the meeting, the Board approved the appointment of Dr. Jose Cibelli, who is currently employed by Advanced Cell Technology, as a faculty member in the Department of Animal Science. Dr. Cibelli and his immediate family cumulatively own or have options to buy an equity interest of more than 1% of Cyagra, and Dr. Cibelli has also been closely involved in the scientific leadership of both companies.

- C. Faculty Conflict of Interest

- 1) It was recommended that the Board approve the administration's recommendation for execution of a contract with InfoPoem, Inc., consistent with earlier public notice given on October 11, 2002, and an applicable "Term Sheet."
- 2) It was recommended that the Board approve the administration's recommendation for execution of a contract with KTMIndustries, Inc., consistent with earlier public notice given on June 28, 2002, and an applicable "License Term Sheet."

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

10. Chairperson's Report and Trustees' Comments

- A. Chairperson's Report

Trustee Nugent said he is very pleased with the choices for this year's commencement speakers and honorary degree recipients. He also commented that it is always wonderful to see the happy faces of students, family and friends at graduation.

Mr. Nugent said that the University will face tough times with a 2% cut in appropriations from the State, but that everyone will work together to meet the needs of the University.

Trustee Nugent ended by wishing everyone a happy holiday season.

President McPherson thanked Mr. Nugent for his leadership as chairperson over the past year. Mr. Nugent said that it has been an honor to serve in that capacity.

B. Trustees' Comments

- 1) Trustee McNamara said that Mr. Nugent was a good chair of the Board, and it was interesting running with him in the November election. She congratulated him on his reelection, and wished everyone happy holidays.

Ms. McNamara told the Board about a family friend graduating that weekend. Dewey Henry, the economic development person for Wayne County, left MSU when he was 21 to get married. She said he came back this semester at age 73 to finish his degree, and would graduate from landscape architecture.

- 2) Trustee Romney thanked Trustee Nugent for his excellent service and fine representation of the Board as its chair.

Mr. Romney indicated that he has been very pleased with the administration's thoughtful approach to dealing with budget cuts, and how they affect the people and programs around the University. He hopes that the University can continue to maintain and improve quality.

Trustee Romney said that he is inspired by the devotion of the students and faculty at MSU, and congratulated them during this season of commencement.

- 3) Trustee Cook commented that she looks forward to commencement every year and enjoys seeing the faces of the families and students who graduate. Commencement epitomizes what the Board and administration are all about, she said.

Ms. Cook pointed out that it has been about 20 years since the State and the University faced such critical financial questions. It is a tribute to the administration, to the deans, and to the department chairs as to how they have been able to focus the people of the University on solving these issues together.

Trustee Cook said that Trustee Nugent has served the Board extraordinarily well in the Board's rotating chair system. She expressed her thanks for Mr. Nugent's time, effort, good heart, and his love of the institution. She also congratulated Trustees Nugent and McNamara on their reelections.

- 4) Trustee Ferguson congratulated Trustees McNamara and Nugent on their reelections. Mr. Ferguson wished everyone happy holidays, and said that the best years are still ahead.
- 5) Trustee Gonzales thanked Trustee Nugent for his great work as chairperson. She said she hopes everyone has a great holiday, and is looking forward to commencement ceremonies.

11. Public Participation on Issues Not Germane to the Agenda

There were no requests to address the Board on issues not germane to the agenda.

12. An Executive Session was not requested.

13. On a motion by Mr. Nugent, supported by Mr. Ferguson, the Board voted to adjourn at 10:15 a.m.

Respectfully submitted,

L. Susan Carter, J.D.
Secretary of the Board of Trustees