

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

February 13, 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 Wednesday, February 13, 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 9:40 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, and David L. Porteous.

Trustee absent: G. Scott Romney.

The meeting was Trustee Randall Pittman's first after having been appointed to the Board by the Governor to fill a term left vacant by Trustee Robert E. Weiss.

University officers present: President McPherson, Provost Simon, Vice President Poston, Secretary Carter, 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, Robb Clarke, Jonathan Hall, 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 Mr. Nugent, supported by Mr. Ferguson, **THE BOARD VOTED to approve** the amended agenda. The agenda was amended to include the reappointment of Robert E. Weiss to the Michigan State University Detroit College of Law Board of Trustees.
2. On a motion by Mr. Nugent, supported by Mr. Ferguson, **THE BOARD VOTED to approve** the minutes of December 7, 2001.
3. President's Report
 - A. President McPherson talked about the recent banquet recognizing female athletes for their athletic accomplishments prior to the time when MSU gave varsity letters to women. He said it was a wonderful event, and added that many other schools have not made this important gesture.

- B. President McPherson noted that again this year, the Advertising faculty gathered together to formally rate Super Bowl ads. National Public Radio and the Wall Street Journal, among other news media, covered the ratings.
 - C. President McPherson welcomed Dr. Sue Carter to the first Board meeting in her new role as Secretary of the Board of Trustees and Executive Assistant to the President.
 - D. President McPherson congratulated the MSU Debate Team for its ongoing successes. In the future, he said, he hopes that the program will be endowed for scholarships in order to sustain its current level of excellence.
 - E. President McPherson reported that Professor Timothy Beers was among a group of scientists who discovered gold and other precious metals in outer space.
 - F. President McPherson noted that he and Provost Simon had lunch the previous day with a group of Distinguished Faculty Award winners. He said that there are many talented professors on campus who continue to do outstanding work.
 - G. President McPherson mentioned that Governor Engler, in his State of the State address, highlighted MSU's campaign to attract the Rare Isotope Accelerator to campus. Mr. McPherson said that this project is important to the entire State because of the impact it would have on Michigan's economy.
 - H. President McPherson welcomed Trustee Randall Pittman to his first Board meeting. Mr. Pittman was appointed to the Board by Governor Engler to fill a vacancy left by Robert Weiss. Mr. McPherson said that Trustee Pittman has already made many great contributions to the University. While on campus as a student, Mr. Pittman was a teaching assistant to former President Walter Adams. Professor Emerita Pauline Adams, President Adams' wife, attended the meeting to welcome Mr. Pittman to the Board.
 - I. Reflecting on the previous day's Awards Convocation, President McPherson commented that the University is made up of very loyal and dedicated faculty, staff, and administrators, and wanted to thank all of them, particularly those who received awards.
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 presented the following personnel action:

- 1) Thomas, Jennifer S., AN-Associate Professor, Department of Pathobiology and Diagnostic Investigation; Animal Health Diagnostic Laboratory, \$87,000, with Tenure, effective March 1, 2002.

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

Provost Simon pointed out that Dr. Thomas started her career at MSU, but moved on to Texas A & M University. She said that she is delighted that Dr. Thomas is back on campus.

Vice President Poston presented the following personnel action:

- 2) Mason, Ronald Herbert, AN-Director of Intercollegiate Athletics, Executive Management, effective July 1, 2002. Salary to be subsequently determined.

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

Dr. Poston said that Ron Mason is an exceptional individual, with an extensive background in finance, developing coaches, and personnel management.

Faculty Board Liaison Norman Abeles commented that the faculty is very pleased with the appointment of Ron Mason as Director of Athletics.

East Lansing City Council member Bill Sharp, who attended the meeting, said that he has known Ron Mason for more than 20 years, and feels that this appointment is one of the greatest things the University has done in the past 100 years.

6. Gift, Grant and Contract Report

Vice President Huggett presented the Gift, Grant and Contract Report for the period of November 20, 2001 through January 22, 2002. The report is a compilation of 285 Gifts, Grants and Contracts, 71 Consignment/Non-Cash Gifts, and one Consignment/Non-Cash Loan with a total value of \$55,816,498.94. 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 Ms. Cook, **THE BOARD VOTED to approve** the Gift, Grant and Contract Report.

Dr. Huggett noted that research awards for this period were \$53.5 million above last year, for an increase of 50.6 percent.

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

A. Bids and Contract Awards

- 1) It was recommended that a contract in the amount of \$1,148,000 be awarded to Sandborn Construction, Inc., of Portland, Michigan, and that a budget in the amount of \$2,500,000 be established for the project entitled: Campus Fiber Optics System Phase IX.
- 2) It was recommended that a contract in the amount of \$1,492,985 (Base Bid: \$1,333,285 plus Alternate No. 1: \$159,700) be awarded to Nielsen Commercial Construction Company of Holt, Michigan, and that a budget in the amount of \$1,950,000 be established for the project entitled: Library – Lighting and Smoke Detection Renovation.
- 3) It was recommended that a contract in the amount of \$502,390 (Base Bid: \$495,490 plus Alternate No. 1: \$6,900) be awarded to Nielsen Commercial Construction Company of Holt, Michigan, and that a budget in the amount of \$785,000 be established for the project entitled: Plant Science Greenhouses – New Poly-Greenhouses.
- 4) It was recommended that a contract in the amount of \$149,900 be awarded to Kares Construction Co., Inc., of Lansing, Michigan, and that a budget in the amount of \$2,000,000 be established for the project entitled: Spartan Stadium – Field Replacement.
- 5) It was recommended that a contract in the amount of \$1,399,900 be awarded to Kares Construction Co., Inc., of Lansing, Michigan, and that a budget in the amount of \$1,950,000 be established for the project entitled: Spartan Stadium – North Concourse Restoration 2002.

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

Dr. Roy Simon, Executive Director of Telecommunication Systems, gave a brief presentation regarding Phase IX of the Campus Fiber Optics System. He indicated that this phase would connect the University Village buildings and some

Cherry Lane buildings to the campus fiber optic network. The next phase will include additional Cherry Lane apartments, as well as faculty apartments.

Trustee McNamara asked whether the network has been extended to the farming areas on south campus. He responded that many of south campus' outlying buildings have already been connected.

Associate Athletic Director Greg Ianni talked about the third and final stage of the field replacement in Spartan Stadium. He said that Kares Construction will disassemble the 5000 turf modules at the Hancock Turf Grass Research Center. University Farms personnel will move the modules to the stadium, and Kares Construction will install the modules in the stadium. He said that the modules will likely be installed approximately one month earlier than anticipated because of favorable winter weather.

Trustee Cook asked if the new track and artificial turf field outside the stadium would be completed by the time football season begins. Mr. Ianni said that site work is ongoing, and he anticipates that the project will be completed by approximately August 1.

Mr. Ianni also gave a presentation on the fourth and final phase of structural restoration to Spartan Stadium. He said that the goal of this ongoing project was to prepare the stadium for the next 50 to 75 years. This year the north concourse and columns will be replaced in the same manner as other areas of the stadium.

Trustee Porteous asked how much these restoration projects have cost. Vice President Poston said that the total cost of restoration has been about \$15 million.

Trustee Cook asked what improvements would be made to the locker rooms. Mr. Ianni said that for safety reasons, additional exits would be installed, and by moving some internal walls, useable square footage would be increased. Some lighting will also be added, and the locker rooms will be repainted.

B. PET Scanner

- 1) It was recommended that the administration be authorized (i) to negotiate and execute any necessary and appropriate agreements between the University and H&H Systems and Design, Inc., (HHSD) of New Albany, Indiana, relating to design/build services for the project entitled: Clinical Center –

Radiopharmaceutical Addition (with the understanding that prior to the execution of any contract with HHSD, there will be communication with the Trustee Finance Committee), and (ii) to negotiate and execute any necessary and appropriate agreements for a loan of approximately \$8,800,000 to the University from GE Healthcare Financial Services, to finance the project.

- 2) It was recommended that the administration be authorized to pursue the on-campus production of radiopharmaceuticals utilized in clinical and research applications of positron emission tomography, and to develop and implement arrangements with public and private sector entities for the production, distribution, and use of such radiopharmaceuticals.

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

Vice President Fred Poston noted this project would be financed with an \$8.8 million loan from GE Healthcare Financial Services at a rate of 5.12%. He added that the University would employ a design/build approach, which will save two to three months in construction time on the addition to the Clinical Center and Radiology Building.

Trustee Porteous complimented Vice President Steve Webster and the team that MSU put together to bring the PET Scanner to campus. He said that it will be a significant, potentially life-saving benefit to the community.

C. Architect/Engineer Selection

It was recommended that Fishbeck, Thompson, Carr & Huber (FTCH) of Grand Rapids, Michigan, in association with Architects Delawie Wilkes Rodriques Barker (ADWRB) of San Diego, California, be appointed as architect/engineer for the project entitled: Research Complex – Engineering – Nuclear Magnetic Resonance (NMR) Addition.

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

Trustee Pittman said that this, along with the PET Scanner project, is critical to Michigan State's research endeavors.

D. Funds Functioning as Endowment

- 1) It was recommended to establish a fund functioning as an endowment entitled: Fruit Pathology Assistantship Endowment Fund.

- 2) It was recommended to establish a fund functioning as an endowment entitled: Harold L. Gariety Scholarship.

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

E. 2002-2003 Tuition and Fee Rates

President McPherson announced that he had sent a letter to the Governor, to the Chair of the Senate Higher Education Subcommittee on Appropriations, and to the Chair of the House Higher Education Subcommittee on Appropriations, stating that the University's 2002-2003 tuition increase, with the approval of the Board, would be at or below 8.5%, based on the assumption that regular State appropriations for 2002-2003 will be at the same level as 2001-2002.

A copy of the letter is on file in the Office of the Secretary of the Board of Trustees.

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

- A. Notice of intent to negotiate the following contracts was given to the Board of Trustees. Board approval for these agreements will be requested at a subsequent meeting.

- 1) A technology license agreement with Claytec, Inc., and SBA Materials, Inc., and a possible new joint venture between those firms. Dr. Thomas Pinnavaia, a member of the faculty in the Department of Chemistry, is an inventor of the technology and an officer and owner of Claytec, Inc., and anticipates becoming a shareholder.
- 2) A technology license agreement with Intellicon. Dr. Robert Schlueter, a member of the faculty in the Department of Electrical and Computer Engineering, is an inventor of the technology and an officer of Intellicon and has equity interest in Intellicon greater than 5%.
- 3) A technology license agreement with KTMIndustries. Dr. Melvin Schindler, a member of the faculty in the Department of Biochemistry and Molecular Biology, is an inventor of the technology and an officer of KTMIndustries. He owns, or has an option to own, an equity interest of more than 5% of KTMIndustries.
- 4) A technology license agreement with Healthtreat, Inc. Dr. Ian Gray, the Director of the Michigan Agricultural Experiment Station, the Assistant Vice President for Research, and a faculty member in the Department of Food Science and

Human Nutrition owns an equity interest in Healthtreat, Inc. of more than 5%.

Provost Simon reminded the Board that public notice is required for potential conflict of interest when a faculty-owned company wishes to enter into a contract with the University.

Trustee McNamara asked what the process is in choosing the firms with which the University does business. Vice President Huggett said that the company is reviewed, and the decision is made as to whether this approach is the best way to use the University's intellectual property. He said that there is oversight to make sure that there is no misuse of property. Dr. Huggett added that the University tries to recoup its patenting costs.

Trustee Cook asked about the mechanisms for managing conflicts of interest. Dr. Huggett responded that there is both departmental and college-level oversight to make sure that the intellectual property is not misused or mistreated. Dr. Paul Hunt, Associate Vice President for Research, added that the Board established the guidelines for this procedure in 1982. Those in charge of oversight must make sure that any funds paid by the University are used appropriately so as to not inappropriately advantage the company in question. The overseers must also be certain that contracts and grants which should come to the University do so and are not inappropriately diverted to the company in question.

Trustee Cook asked if there is a limit on the amount of company stock the faculty member may own. Provost Simon said that as long as the faculty member's relationship is disclosed and monitored, there is no limit. Vice President Huggett said that there are fewer than 100 of these relationships on campus.

Trustee Cook asked if the Office of Intellectual Property plays a role in monitoring these relationships. Dr. Huggett said that the Office monitors the relationship very closely in terms of finances, as well as the appropriate use of intellectual property.

B. Faculty Conflict of Interest

- 1) It was recommended that the Board of Trustees approve the administration's recommendation for execution of an option and license agreement with Genistry GmbH, consistent with earlier public notice given at the April 20, 2001, Board meeting. Professor Christoph Benning and his family will hold an equity interest in Genistry exceeding 5% of its outstanding

stock. Professor Benning is also a prospective officer of Genistry.

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

- 2) It was recommended that the Board of Trustees approve the administration's recommendation for execution of an option and license agreement with Applied Computational Design Associates, consistent with earlier public notice given at the October 13, 2000, Board meeting. Professor Erik Goodman and Professor Ron Averill each have an equity interest in ACDA exceeding 5% of its outstanding stock. Professor Averill is President of ACDA and Professor Goodman serves as Vice President for Engineering.

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

9. Reappointment to the MSU-DCL Board of Trustees

It was recommended that the Board of Trustees reappoint Robert E. Weiss to the Michigan State University Detroit College of Law Board of Trustees for a three-year term ending January 12, 2005.

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

10. Chairperson's Report and Trustees' Comments

A. Chairperson's Report

Trustee Nugent welcomed Trustee Pittman to the Board table. He said that he looks forward to working with him for many years, and added that it is generous of Mr. Pittman to donate his time and energy to the University and to the Board of Trustees.

Trustee Nugent asked Secretary Carter to prepare a Board resolution to be presented at a future meeting honoring the work and efforts of Trustee Emeritus Robert Weiss.

Trustee Nugent said he believes that communication between the administration and faculty is excellent. He assured the faculty that, during difficult economic times, the Board makes the commitment to do the best it can in terms of faculty salaries.

Trustee Nugent presented Trustee McNamara with a dozen red roses, and thanked her for her service as Board Chairperson during the past year.

B. Trustees' Comments

- 1) Trustee McNamara thanked Trustee Nugent for the beautiful flowers and the kind words. She said that it is a wonderful opportunity to spend a year as chairperson, and it was a great honor.

Trustee McNamara welcomed Trustee Pittman to the Board. She said that it will be interesting to get to know him.

- 2) Trustee Porteous said that it is wonderful to have Randall Pittman on the Board. He said that many members of the Board probably did not know Mr. Pittman very well, but in only two days of meetings they have gotten a good feel for his expertise, life experiences, and the wealth of knowledge he brings to the table. He added that it is touching to hear the story of how Walter Adams inspired Mr. Pittman to achieve great things. Mr. Pittman's appointment to the Board, Trustee Porteous noted, was an indication of the deep love and affection that Governor Engler has for the University. Everyone in the University community will be enhanced by Trustee Pittman's service on the Board.

- 3) Trustee Gonzales welcomed Trustee Pittman to the Board. She indicated to Mr. Pittman that, "Peter will put you to work."

Trustee Gonzales talked about the women's varsity letter ceremony that took place at the Kellogg Center. She said that it was heartwarming to see the former athletes finally recognized. Ms. Gonzales thanked Athletic Director Clarence Underwood for organizing the event and seeking out the awardees.

Trustee Gonzales congratulated her friend, Dr. Nino Rodriguez, on his retirement from the Lansing School District. She said that he is a great role model for young people.

- 4) Trustee Cook also welcomed Trustee Pittman to the Board table. She said that she has worked with Mr. Pittman on the President's Advisory Council for the Capital Campaign, and it is great that he has been appointed to the Board of Trustees. She said that his appointment is particularly important because of current and ongoing initiatives in science on campus. Mr. Pittman will bring great talent to the Board, she indicated. Trustee Cook said that she, too, appreciates the Governor's concern for and appreciation of Michigan State University.

Trustee Cook wished Robert Weiss well in his new appointment to the Genesee County Probate Court. She said

he will be a great advocate for young people. Ms. Cook indicated that Mr. Weiss' wife, Vickie, is a renowned educator and has made a great contribution to young people as well. She added that she is delighted that the Board chose to reappoint Mr. Weiss to the Michigan State University Detroit College of Law Board.

Trustee Cook talked about the President's State of the University Address that took place on the previous day. She said that Mr. McPherson continues to make MSU a truly global University, and that is extraordinarily important. She added that the President's speech had underpinnings of great personal passion about the international hunger projects with which he is involved. Ms. Cook said the speech demonstrated the President's commitment to faculty and students, the people of Michigan, and to people around the world. Now more than ever, international issues are extremely important and the concepts that the President mentioned in his speech play a vital role in how the world survives.

President McPherson said that it's great to see people around the world realize how much they can achieve by their own efforts and hard work.

- 5) Trustee Pittman thanked members of the Board for their kind words. He indicated that it was special for him, in one of his first official duties as Trustee, to participate in the Distinguished Faculty Awards ceremony. He said that during the ceremony, he was reminded of all that Dr. Walter Adams had taught him. He said Dr. Adams was an inspiration who challenged and pushed his students. Mr. Pittman told the story of Dr. Adams' famous last lecture each year. Dr. Adams would say, "I'm old. I'm tired. And now I'm passing on the torch. Who will pick up this torch?" Mr. Pittman said that each of the Trustees has a hand on that torch, and he is pleased to join them. He emphasized that Dr. Adams was always committed to the University. Mr. Pittman said he hopes that he can continue to contribute to the University in some small way.

Trustee Pittman said that he is very excited about the scientific initiatives on campus, and added that the Governor and President McPherson are committed to making Michigan competitive through technology. Mr. Pittman pointed out that MSU is in the perfect position to be the leader in technology in Michigan, and is very excited to be involved.

- 6) Trustee Ferguson welcomed Trustee Pittman to the Board. He said that the campus community is fortunate that the Governor appointed someone with such great love for the

University. Mr. Ferguson indicated that he looks forward to working with Mr. Pittman. He said that Michigan State's best years are ahead.

Trustee Ferguson said he received some phone calls from people who thought that Mr. Pittman's appointment would change the dynamics of the Board politically. Mr. Ferguson emphasized that once Trustees reach the Board, political labels disappear and the Board is non-partisan. Each Trustee, he said, does what is best for Michigan State University.

Trustee Ferguson explained to President McPherson that he hopes that the upcoming budget vote will include a variety of models. He said that he does not want the only option to be an 8.5% increase in tuition. It is important, he added, to understand what the University would look like, and how the quality of education would be affected, under several different plans. That way, he commented, the community would recognize that the Board is doing everything it possibly can for students, faculty, and for the University.

Trustee Ferguson said that Trustee McNamara was an excellent chairperson, and explained to her that he only teases the people he really cares about.

11. Public Participation on Issues Not Germane to the Agenda

- A. Six student members from the Council of Racial and Ethnic Students, whose names appear below, addressed the Board on issues relating to the Multicultural Center located in the Union Building. Because of growing diversity needs and greater interest in cultural activities on campus, they urged the Board of Trustees to construct an accessible, freestanding Multicultural Center. A lack of adequate space has forced students to use overflow space in the nearby Union cafeteria. In the past year alone, they explained, there were 198 programs held in the Center. Approximately 75% of those programs were academic in nature, but faculty resources, they indicated, are located in a different building across campus. They said that a freestanding Multicultural Center would help to recruit and retain a more diverse population of students and faculty, and would go a long way toward improving the University's image and the performance of students.

- 1) Bryan Newland
- 2) Mary Phillips
- 3) Romeo Salvani
- 4) Bindi Patel
- 5) Esmeralda Perez
- 6) Melanie Olmsted

Student Board Liaisons Matthew Clayson and Quinn Wright expressed their support of comments regarding the construction of a freestanding Multicultural Center.

- B. Student members of the Graduate Employees Union, Michelle Worosz and April Herndon, addressed the Board on issues relating to health care for graduate students. They said that Olin Health Center is not capable of handling ongoing care for adult students with grown-up medical issues beyond the common cold and the flu. Students see a different doctor each time they go to a clinic, which does not allow the student to establish a relationship with a doctor who understands the history of the student's medical issues. The co-pays for prescription drugs are unaffordable for graduate students, they said, and the plan does not cover preventative health care such as contraception and immunizations. A lack of quality health care impacts many different aspects of students' lives, as well as the faculty and undergraduate students with whom they work. They explained that graduate teaching assistant insurance is inadequate because it includes a cap on medical prescriptions at \$2000 per year. The prescription cap should be raised to better accommodate those with chronic conditions. Graduate teaching assistants in the humanities earn about \$50 per month too much to qualify for food stamps, yet low-income families often pay health care premiums comparable to or higher than those of high-income families. The speakers encouraged the University to conduct a survey on health care consumption among graduate students. Given the relatively young age of graduate students, they may find that most students rarely require health care, and that coverage caps could be raised to accommodate those who rely on health care.
12. An Executive Session was not requested.
13. On a motion by Mr. Porteous, supported by Mr. Ferguson, the Board voted to adjourn at 11:10 a.m.

Respectfully submitted,

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