

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

October 10, 2003

The Trustee Finance Committee and Trustee Policy Committee meetings were held in the Board Room of the Administration Building beginning at 2:00 p.m. on Friday, October 10, 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 2:17 p.m. in the Board Room.

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

Trustee absent: 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 and Webb, Senior Advisor and Director Granberry Russell. Faculty Liaisons present: Robert Maleczka, 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. Ferguson, supported by Ms. McNamara, **THE BOARD VOTED to approve** the agenda.
2. On a motion by Ms. Gonzales, supported by Ms. McNamara, **THE BOARD VOTED to approve** the minutes of the meeting of September 12, 2003.
3. President's Report

The National Science Foundation has awarded a \$35 million grant to a team of educators, including MSU, to improve science and math teaching and achievements in K-12 schools in Michigan and Ohio. The grant may affect as many as 400,000 students. It is a

continuing recognition of Michigan State's outstanding College of Education.

Ten teachers from Michigan and five MSU faculty and staff will travel to Nepal for three weeks beginning October 11th. They will develop environmental education programs. After returning, the group will compile their findings and projects in a study guide to be distributed to other teachers.

The MSU debate team that over the years has had spectacular success, finished second and won a top individual speaker award at its first tournament of the intercollegiate debate season recently.

Senior Advisor and Director Paulette Granberry Russell and her colleagues have organized a "Best Practices in Diversity at MSU: Enhancing a Diverse Campus Community" conference. It will be held at Kellogg Center on October 17th. The conference will provide an opportunity to share and develop strategies and best practices for the entire community for supporting and achieving a more diverse faculty, staff and student body. Andrew Valentine, Director of Global Equal Opportunity Programs for IBM, will be the keynote speaker. He is a Michigan State alumnus.

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

Provost Simon presented the following personnel action:

Appointment

Sordillo-Gandy, Lorraine M., AN-Professor, Meadowbrook Farm Animal Health and Well Being Chair. Department of Large Animal Clinical Sciences, \$145,000, with Tenure, effective January 1, 2004.

On a motion by Mr. Nugent, supported by Ms. McNamara, **THE BOARD VOTED to approve** this personnel action.

Dr. Simon said Dr. Sordillo-Gandy comes to Michigan State from Penn State University, where she had a distinguished career in immunology. This addition to the faculty is a great fit with MSU's interest in food animal and an emergence in infectious diseases. The Meadowbrook Chair available was significant in recruiting Dr. Sordillo-Gandy.

6. Gift, Grant and Contract Report

Vice President Huggett presented the Gift, Grant and Contract Report for the period of August 22, 2003, through September 23, 2003. The report is a compilation of 205 Gifts, Grants and Contracts, and 23 Consignment/Non-Cash Gifts, with a total value of \$22,955,547.66.

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

Vice President Huggett said the total is 38% above the same reporting period last year in research and 41% above the same reporting period last year. Further, the \$35 million grant mentioned by President McPherson in his report today is not included.

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

A. Bids and Contract Awards:

- 1) It was recommended that a contract in the amount of \$373,700 be awarded to Kares Construction Co., Inc., of Charlotte, Michigan, and that a budget in the amount of \$1,570,000 be established for the project entitled: Brody Complex – Replace Electrical Substations – Residence Halls.
- 2) It was recommended that a contract in the amount of \$462,000 be awarded to Gunthorpe Plumbing and Heating, Inc., of East Lansing, Michigan, and that a budget in the amount of \$740,000 be established for the project entitled: Clinical Center and Life Science – Coil Replacement Phase I.

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

Mr. Porteous pointed out that both recommendations are for the low bids for the projects.

B. Architect/Engineer Appointments:

- 1) It was recommended that Einhorn Yaffee Prescott Architectural & Engineering, P.C. (EYP) of Albany,

New York, with Neumann/Smith & Associates of Southfield, Michigan, be appointed as the architect-engineer for the project entitled: Snyder/Phillips Hall Renovations.

- 2) It was recommended Duce Simmons Associates, LLC, of Troy, Michigan, be appointed as the architect/engineer for the project entitled: Veterinary Medical Center – Matilda R. Wilson – Pegasus Critical Care Center.

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

Mr. Porteous said the selection of the architects for the Snyder/Phillips Hall renovations project continues the strong commitment of this Board to restoring residence halls from years gone by that are beautiful and a strong symbol of our University.

3) Funds Functioning as Endowments

- A) It was recommended to establish a fund functioning as an endowment entitled: Broad Executive Forum Scholarship Endowment.
- B) It was recommended to establish a fund functioning as an endowment entitled: John R. Shaver PhD Graduate Student Fund in Zoology.
- C) It was recommended to establish a fund functioning as an endowment entitled: Teacher Preparation Scholarship Fund.

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

E. 2004-05 Appropriation Request Guidelines

It was recommended that the Board adopt the Guidelines for the Appropriation Request, including requests for the University General Fund, the Michigan Agricultural

Experiment Station, Michigan State University Extension and capital outlay requirements. (Attachment A)

On the motion of Mr. Nugent, supported by Mr. Porteous, **THE BOARD VOTED to approve** the recommendation. Ms. McNamara voted no.

Ms. McNamara said she thought it was inappropriate to seek funds for new construction in the Appropriation Request this year. Times are such that construction of a new music building might not be seen by legislators as a critical expense in the State budget. The Board recognizes the importance of constructing a new music building and the importance of the music program to Michigan State University. However, for a music building to be the top priority for capital outlay reflects badly on MSU when other very critical issues relating to support by the State are being discussed.

Mr. Nugent indicated that the music program has grown dramatically, and that the University needs the new building desperately. The guidelines will first address renovation needs, and then proceed to new construction. It is imperative that the Board continue to advise legislators of the needs of the University, and a new music building is needed. It took several years to get the new science building. It is important to keep the request before the legislators.

Ms. McNamara clarified her position. She stated that she does not feel the music building is unimportant, but fears the message it sends at this time reflects poorly on the University's priorities. Ms. Cook said she understands that Ms. McNamara recognizes the value of the project, but the Board must continue to move this project forward in the expectation that in the future it will be recognized by the State as MSU's first academic priority for new construction. It takes a long time for such projects to proceed through the legislative process; this statement indicates that when a capital outlay project is available, the music building is the number one priority as established by the Board. The Board used the same method to get funding for the science building and for other capital outlay projects – they were presented to the legislature and put on record as to the University's priority for academic buildings. The order in

which priorities are listed in the capital outlay request is correct. The first priority must be renovation of facilities.

Assistant Vice President for Planning and Budgets David Byelich indicated that there is a set of protocols that the University moves through each year, at the request of the State Budget Director. The University submits an operating request as well as a capital request for review. A five-year plan was established by the Board as part of the State's request for information. That five-year plan is updated each year, at the explicit request of the Budget Director.

President McPherson noted two considerations: 1) If there is an opportunity for some additional funds to be earmarked for construction in the coming year, it is likely the funds will be used for maintenance and renovation. The document needs to be clear that is what we are strongly urging. 2) The Board wants to make clear to the State Budget Director and legislators that when there is a capital outlay program for new facilities, the music building is the top academic priority for new construction. Mr. McPherson feels he can capture both of those points in a cover letter that will accompany the Guidelines.

E. Bond Authorization Resolution

It is recommended the Board adopt the attached resolution amending its September 12, 2003, resolution authorizing a general revenue bond financing and refunding of outstanding University bonds. (Attachment B) This amendment increases the total authorized project amount from \$126 million to \$176 million and adds potential projects, such as the Power Plant addition, Clinical Center improvements, new Brody complex building, and the Veterinary and Oncology Center to the list. The amendment also includes an authorization for a public hearing required by the U.S. Internal Revenue Code of 1986, because of the proposed use of space in Spartan Stadium by the MSU Foundation and the 4-H Foundation.

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

8. Policy Committee

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

A. Notice of Intent to Negotiate Contracts

Pursuant to state law, the Chair of the Policy Committee gave public notice to the full Board during the Committee's report of the University's intention to negotiate agreements regarding technology licensing, research and related matters with four companies:

- 1) AFID Therapeutics, Inc., a Michigan firm based in East Lansing. Dr. Rawle Hollingsworth, a Professor in the Department of Biochemistry and Molecular Biology, and his immediate family own or have options to buy an equity interest of more than 5% of the company.
- 2) Biophontonic Solutions, Inc., a Michigan firm based in Okemos. Dr. Marcos Dantus, a Professor in the Department of Chemistry, and his immediate family own or have options to buy an equity interest of more than 5% of the company. Dr. Dantus is also an officer of Biophontonic Solutions, Inc.
- 3) Biopolymer Innovations, a Michigan firm based in Kalamazoo. Dr. Ramani Narayan, a Professor in the Department of Chemical Engineering, and his immediate family own or have options to buy an equity interest of more than 5% of the company. Dr. Narayan is also an officer of Biopolymer Innovations.
- 4) GeoPathway, LLC, a Michigan firm based in Lansing. Mr. William Enslin, a Senior Specialist in the Department of Geography, and his immediate family own or have options to buy an equity interest of more than 5% of the company. Mr. Enslin is also an officer of GeoPathway, LLC.

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

It was recommended that the Board approve the administration's recommendation for execution of a license agreement with Bio Plastic Polymers and Composites, LLC, consistent with earlier public notice given at the April 3, 2002, Board meeting and the applicable "License Term Sheet"

presented to the Board for inclusion in its minutes. (Attachment C)

On a motion by Ms. McNamara, supported by Ms. Gonzales,
THE BOARD VOTED to adopt the recommendation.

C. Process for Construction Project Costs – Unforeseen Exigent Circumstances.

It was recommended the Board approve the process for responding to unforeseen exigent circumstances that cause the Board-approved budget for a construction project to be exceeded. (Attachment D)

On a motion by Ms. McNamara, supported by Ms. Gonzales,
THE BOARD VOTED to adopt the resolution.

Ms. McNamara advised that both the Finance Committee and the Policy Committee have reviewed the policy.

9. Chairman's Report

Trustee Porteous welcomed President McPherson back to MSU.

President McPherson expressed his appreciation for the excellent work by Provost Simon in her role as Interim President and by University administrators during his absence. They did a superb job.

Trustee Porteous said the President could take great pride in the administrative team which, in his absence, did a superb job and dealt with a lot of tough issues. More difficult budget issues await the University.

Trustee Cook and her husband Byron were honored during homecoming festivities. Mr. Porteous thanked everyone who worked long and hard on homecoming celebrations. The homecoming grand marshal's remarks during the brunch reinforced the stewardship of this great institution, and how the University touches so many people in so many special ways. Clearly, MSU was a big part of his life, and he credited MSU for much of his success.

10. Trustees' Comments

- A) Trustee Cook welcomed President McPherson back. She also recognized Dean Carole Ames of the College of Education who made a presentation about the Carnegie Grant to the annual meeting of the President's Cabinet. Dean Ames reported on the work done in her College and by her faculty. Dean Ames spoke articulately about the future of the University, the programs of the College of Education and the selection process for the Carnegie Grant. She demonstrated that Michigan State has an outstanding College of Education and initiative to train teachers. Dean Ames and her faculty are to be commended for their good work and the recognition they are receiving.
- B) Trustee Gonzales welcomed the President back and said he did a great job. Also, Interim President Simon did a wonderful job. Ms. Gonzales indicated she had read an article in *Trusteeship* that she would like the Board to discuss at its next meeting.
- C) Trustee McNamara passed.
- D) Trustee Nugent said that one of the ways to tell a great leader is by the team he puts around himself and whether operation can continue without him. Work at MSU continued well. The President is a good leader. He welcomed Mr. McPherson home.

Mr. Nugent pointed out that dedication of the Food Safety and Toxicology Laboratory occurred five years ago. Michigan State's stature has been heightened and the University has been made more visible because food safety has become an increasingly important issue.

Trustee Nugent commented that he serves on a criminal justice advisory board on identification theft. A new online criminal tracking system is now in place. It was developed by Michigan State's Criminal Justice and Computer Science departments. It is a system more advanced than that of the FBI. Both of those departments must be commended.

- E) Trustee Pittman welcomed President McPherson back.

11. Public Participation on Issues Not Germane to the Agenda

- A) Dorothy Jones indicated that members of MSU's Women's Crew team are not complying with terms of a lease between the University and the City of Lansing. The Crew Team requested permission to build a boathouse at Grand River Park. The Park Board approved the request with the stipulation that the Crew Team extend outreach to young people in the City of Lansing – namely, make rowing experience available to the youth of Lansing. The lease was signed in November, 2001. The lease specified that the Crew Team would perform five rowing experience events per summer for the duration of the ten-year lease. She said the clause is not being honored by the University.
- B) Brian Smith spoke about the same issue. A License Agreement was entered into by Michigan State University and the City of Lansing on November 29, 2001. In accordance with this agreement, MSU was allowed to build two pole barns in Grand River Park. Michigan State University was to provide, "significant community outreach programming for the benefit of Lansing residents." It was the understanding of the Parks Board that special emphasis would be placed on the youth of the City of Lansing. He said an attempt was made by MSU to buy out of the community outreach provision with a one-time \$5,000 payment. He said there is clear noncompliance with the terms of the lease.

12. An Executive Session was not requested.

13. On a motion by Mr. Nugent, supported by Ms. Gonzales, **THE BOARD VOTED to adjourn** at 3:05 P.M.

Respectfully submitted,

L. Susan Carter
Secretary of the Board of Trustees