

MINUTES OF THE MEETING
of the
FINANCE COMMITTEE
July 17, 1969

Acting President Adams called the Finance Committee to order at 7:20 p.m. at Kellogg Center.

The following members were present: Messrs. Hartman, Huff, Martin, Merriman, Nisbet, Stevens, Thompson, and White; Acting President Adams, Acting Vice President Wilkinson, and Secretary Breslin.

Absent: No one.

1. Motion was made by Mr. Huff, seconded by Mr. White, to delete from the Finance Committee agenda the items relative to proposed rate increases for residence halls and married housing and the proposed student aid grant program. Several items deleted from Fin. agenda

After discussion, Mr. Huff requested a roll call vote. Those voting in favor of the motion were Messrs. Huff and White; voting against the motion were Messrs. Hartman, Martin, Merriman, Nisbet, Stevens, and Thompson. Motion failed.

After the vote was taken, Trustees Huff and White left the meeting.

2. Investment recommendations from Scudder, Stevens & Clark and Mr. Earl Cress as follows: Investment recommendations

Forest Akers Fund

<u>Amount</u>	<u>Security</u>	<u>Approx. Price</u>	<u>Principal</u>	<u>Income</u>	<u>Yield</u>
Maturity:					
\$10,000	U.S. Treasury Bills 8/28/69		\$ 9,698		
Recommend purchasing:					
\$9,000	Ford Credit Demand Notes		9,000		
up to					
400 shs.	NLT Corporation	\$ 34	13,600	\$ 104	0.8%
100 shs.	Beech Aircraft (making 400)	26	2,600	74	2.9%
Recommend selling:					
175 shs.	Procter & Gamble	91	15,925	455	2.9%

Albert Hermon Case Fund

Recommend purchasing:
\$2,000 Ford Credit Demand Notes 2,000

A. V. Case Memorial Scholarship Fund

Maturity:
\$38,000 U.S. Treasury Bills 8/28/69 37,320

Recommend purchasing:
\$37,000 Ford Credit Demand Notes 37,000

Class of 1915 Fund

Maturity:
\$3,000 U.S. Treasury Bills 8/28/69 2,909

Recommend purchasing:
\$3,000 Ford Credit Demand Notes 3,000

Consolidated Investment Fund

Recommend selling:
500 shs. Procter & Gamble 91 45,500 1,300 2.9%

Recommend purchasing:
1,100 shs. Beech Aircraft (making 2,400) 26 28,600 825 2.9%
up to
600 shs. NLT Corporation (making 1,449) 34 20,400 156 0.8%

Damm & Whalen Scholarship Fund

Maturity:
\$6,000 U.S. Treasury Bills 8/28/69 5,819

Recommend purchasing:
\$6,000 Ford Credit Demand Notes 6,000

Jack B. Fields Memorial Fund

Recommend purchasing:
\$3,000 Ford Credit Demand Notes 3,000

2. Investment items, continued

John A. Hannah Professorship Fund

<u>Amount</u>	<u>Security</u>	<u>Approx. Price</u>	<u>Principal</u>	<u>Income</u>	<u>Yield</u>
Recommend selling:					
400 shs.	Procter & Gamble	\$ 91	\$ 36,400	\$ 1,040	2.9%
Recommend purchasing:					
up to					
1,100 shs.	NLT Corporation	34	37,400	286	0.8%

James & Lynelle Holden Fund

Maturity:					
\$10,000	U.S. Treasury Bills 8/28/69		9,698		
Recommend purchasing:					
\$9,000	Ford Credit Demand Notes		9,000		
up to					
210 shs.	NLT Corporation	34	7,140	55	0.8%
Recommend selling:					
80 shs.	Procter & Gamble	91	7,280	208	2.9%

Insurance Fund

Recommend selling:					
300 shs.	Procter & Gamble	91	27,300	780	2.9%
Recommend purchasing:					
up to					
800 shs.	NLT Corporation	34	27,200	208	0.8%

Jenison Fund

Recommend selling:					
400 shs.	Procter & Gamble	91	36,400	1,040	2.9%
Recommend purchasing:					
up to					
1,400 shs.	Beech Aircraft	26	36,400	1,050	2.9%

Rackham Fund

Recommend purchasing:					
\$3,000	Ford Credit Demand Notes		3,000		

Retirement Fund

Recommend selling:					
4,000 shs.	Procter & Gamble	91	364,000	10,400	2.9%
Recommend purchasing:					
5,888 shs.	NLT Corp. (making 12,000)	34	200,192	1,531	0.8%
up to					
3,400 shs.	Magnavox (making 7,400)	48	163,200	4,080	2.5%

Fred T. Russ Fund

Maturity:					
\$10,000	U.S. Treasury Bills 8/28/69		9,698		
Recommend purchasing:					
\$11,000	Ford Credit Demand Notes		11,000		

Skinner Fund

Recommend selling:					
80 shs.	Procter & Gamble	91	7,280	208	2.9%
Recommend purchasing:					
up to					
210 shs.	NLT Corporation	34	7,140	55	0.8%

Spartan Fund

Maturity:					
\$12,000	U.S. Treasury Bills 8/28/69		11,638		
Recommend purchasing:					
\$11,000	Ford Credit Demand Notes		11,000		
up to					
220 shs.	NLT Corporation	34	7,480	57	0.8%
Recommend selling:					
80 shs.	Procter & Gamble	91	7,280	208	2.9%

2. Investment items, continued

Ivan Wright-Life Income Fund

<u>Amount</u>	<u>Security</u>	<u>Approx. Price</u>	<u>Principal</u>	<u>Income</u>	<u>Yield</u>
Recommend purchasing:					
up to 20 shs.	McLouth Steel (making 95)	\$ 40	\$ 800	\$32	4.0%

On motion by Mr. Nisbet, seconded by Mr. Stevens, it was voted to approve the investment recommendations.

3. Acting Vice President for Business and Finance Roger Wilkinson presented in detail the need for rate increases for the residence halls and married housing. In summary, the rate increases are recommended because of increased labor and food costs in the residence halls and primarily labor costs in married housing. Formal action on this matter will be taken at the regular Board meeting.

Report on need for rate inc in res halls and married housing

4. Acting Vice President for Business and Finance Roger Wilkinson reported to the Board recommendations developed since the June Board meeting for the operation of the Owen Graduate Center food operation. Mr. Wilkinson reported that the committee appointed by the Acting President to study this matter had agreed that an independent study of the Owen Graduate Center food operation would be made by Mr. Thomas F. Powers of the School of Hotel, Restaurant, and Institutional Management during fall term 1969. The committee will then take under advisement Mr. Powers' recommendations and report to the Board any changes that are to be implemented.

Study to be made of Owen food operation

Mr. Hartman moved, seconded by Mr. Stevens, that the Trustees accept the above report. Unanimously approved.

5. The following salary recommendations, to be effective July 1, 1969, were presented for approval by Acting President Adams:

App several salary inc recommendations

- | | |
|---|----------|
| a. Robert Emerson, Manager, Kellogg Center | \$20,500 |
| b. Fred S. Siebert, Dean Emeritus and Research Professor, College of Communication Arts | \$20,600 |
| c. M. Lois Calhoun, Professor, Anatomy | \$21,600 |
| d. John E. Cantlon, Provost-designate | \$32,000 |
- Dr. Cantlon is to be changed from a 10 to a 12-month basis and is to receive, in addition to his salary, a \$1,200 per year quarterly expense allowance.

On motion by Mr. Nisbet, seconded by Dr. Martin, it was unanimously voted to approve the above salary recommendations.

6. Acting President Adams asked Mr. Elliott Ballard, Assistant to the President, to report on the new proposed student aid grant program. Mr. Ballard announced that the new program is designed to distribute approximately the same amount of money in support of needy students as was the case under the sliding scale tuition plan. Individual grants will be determined by applying the ratio of available funds to total needs (estimated at .33) to the applicant's computed need or fees payable, whichever is the lesser, (using established procedures of the College Testing Service), less other grants available to the student. Only Michigan residents will be eligible to share in the \$2,375,000 which it is anticipated will be used in the student aid grant program.

Report on proposed student aid grant program

Formal action on this new program will be taken by the Board at its regular meeting.

7. Acting President Adams asked Mr. Wilkinson and Dr. Neville to present the proposed University budget for 1969-70. In presenting the budget, Mr. Wilkinson indicated that it was up approximately \$10 million as follows:

Report on proposed budget for 1969-70

- | | |
|--|---------------|
| a. Supplemental, year-end items, and changes in equity (decreased) | (\$693,772) |
| b. Student aid grants (increased) | \$2,375,000 |
| c. Urban Affairs and Equal Opportunities Program | " \$1,300,000 |
| d. Former directed fee items | " \$ 145,000 |
| e. Academic programs | " \$3,896,896 |
| f. Non-academic areas | " \$1,987,500 |

Formal action will be taken by the Board at its regular meeting.

8. Secretary Breslin reported that Oakland University and Local 1418 had agreed to a one-year contract. Secretary Breslin further reported that the Union had ratified the contract and the Secretary recommended that the Board approve the contract. The major items in the new contract at Oakland University are as follows:

1-yr contract with Local 1418 Oakland Univ. approved

- Wages -- approximately 6.5% increase
- Employees in grade level I will progress to top of classification in one year
- Grounds employees and janitors will progress to top of their classification, Level X, in two years.
- Free meals for food service people.
- Fringe benefits will be the same at Oakland as at MSU. The increases in these benefits will not be finalized until the MSU contract negotiations are complete.

It was moved by Mr. Nisbet, seconded by Mr. Thompson, to approve the Oakland contract. Carried. Mr. Stevens asked to be recorded as not voting.

App contract
with Local 547,
Int. Union of
Oper. Engr.

9. Secretary Breslin presented the proposed contract between Michigan State University and Local 547, International Union of Operating Engineers, AFL-CIO. The proposed contract is the result of three months of continuing negotiations. Secretary Breslin recommended approval of the contract, which has been previously ratified by Local 547. A copy of the contract will be filed with the materials for this meeting.

On motion by Mr. Hartman, seconded by Dr. Martin, the contract was unanimously approved. Mr. Stevens asked to be recorded as not voting.

Report on nego-
tiations with
Local 1585

10. Secretary Breslin reported on progress made to date in negotiating a contract with Local 1585. Only slight progress has been made as of this date. The 1968-69 contract has been extended until July 24, 1969.

App bank reso-
lutions with
Chase Manhattan,
London for USDA
grant to Agr.
Econ.

11. Communication from Acting Vice President Wilkinson:

At the May 1969 Board meeting, the Trustees accepted a contract with the United States Department of Agriculture for a research project to study production and consumption of grain and livestock materials in the United Kingdom, Denmark, and Ireland.

This grant is under the direction of Dr. V. L. Sorenson of the Department of Agricultural Economics. The contract is in the total amount of \$75,000, of which \$25,000 is in United States currency and the equivalent of \$50,000 is in United Kingdom pounds.

Since it is necessary that these funds be disbursed from London, arrangements have been worked out to operate a bank account with the Chase Manhattan Bank in London, and it is necessary that the Board approve the appropriate bank resolutions.

On motion by Mr. Thompson, seconded by Mr. Merriman, it was voted to approve the resolutions as recommended.

Report on
actuarial study
on retirement
fund

12. Communication from Acting Vice President Wilkinson:

The Manual for Uniform Financial Reporting requires that the University conduct an actuarial study of its retirement fund biennially. The first study performed on the University records was conducted this spring by Aetna Life & Casualty, and the following is a summary of the results of this study.

University Plan - Present Plan

<u>Group</u>	<u>No. of Employees</u>	<u>Assets</u>	<u>Liability</u>	<u>Unfunded Accrued Liability</u>
Retired Employees	404	\$ 7,496,700	\$ 7,496,700	\$ -0-
Active Employees	3,760	<u>8,503,300</u>	<u>18,171,200</u>	<u>9,667,900</u>
T o t a l s		\$16,000,000	\$25,667,900	\$ 9,667,900

Dormitory and Food Service Plan - Present Plan

Retired Employees	74	\$ -0-	\$ 964,200	\$ 964,200
Active Employees	920	<u>-0-</u>	<u>4,117,300</u>	<u>4,117,300</u>
T o t a l s		\$ -0-	\$ 5,081,500	\$ 5,081,500

Amount of Recommended Annual Payments Based on Current Benefits

	<u>University Plan</u>	<u>Dormitory & Food Service Plan</u>	<u>Total</u>
Normal Cost Deposit (Future Benefit Accruals)	\$ 625,300	\$ 302,100	\$ 927,400
Current Deposit to Fund UAL (30-year basis)	598,600	314,800	913,700
Disability Deposit	<u>96,200</u>	<u>25,800</u>	<u>122,000</u>
Total Annual Deposit	\$1,320,100	\$ 642,700	\$1,963,100

Burial plot for
willed bodies
acquired

13. Secretary Breslin presented a recommendation regarding the acquisition of a burial plot for willed bodies.

After discussion, the Board authorized the acquisition of a burial plot at the East Lawn Memory Gardens in Okemos.

\$5500 approp.
to Search &
Selection Com.

14. Acting President Adams presented a request from the All-University Committee on Search & Selection for an additional \$5,500 for the use of the committee in the event it is needed.

On motion by Mr. Thompson, seconded by Mr. Merriman, it was unanimously voted to appropriate an additional \$5,500 for the use of the Search and Selection Committee.

15. The Board of Trustees gave oral authorization to University Attorney Leland Carr to proceed with the sale of a portion of the White Motors Company property at Battle Creek known as "Parcel L." This is to inform the Trustees that this portion of land was sold on a land contract to Jimmie L. Hantz and Olive C. Hantz for the amount of \$10,000, which included a \$2,000 down payment and monthly installments of \$80 at a 7% rate of interest.
16. The University attorney, Mr. Leland Carr, presented to the Board the final negotiations relative to the proposed exchange with radio station WITL, as well as the construction of certain new facilities that are involved in this transaction.

App sale of Parcel L, White Motors property Battle Creek

Exchange of property with WITL approved

On motion by Mr. Nisbet, seconded by Mr. Merriman, it was unanimously voted to approve the terms of the agreement negotiated by Attorney Carr with radio station WITL. Details of this agreement will be filed with the materials covering this meeting.

17. Communication from Attorney Carr to Secretary Breslin:

Pursuant to your request, we conferred with James G. Willis, Battle Creek City Manager, regarding sale of 6.48 acres of the Oliver property, and donation of 30½ feet to widen Union Street from Shepard Street to East Michigan Avenue. Mr. Willis indicated that the purchase was necessary to handle the construction of a new equipment and maintenance center to serve the Municipal Department of Public Works. Apparently the old facility was totally destroyed by fire in late February of this year. Because Battle Creek is operating on a limited budget, the discussion of purchasing the entire Oliver parcel was concluded by outright rejection. The Council would like to own the property but is too impecunious to be able to handle the purchase price.

App sale and donation of parcels of Oliver property to City of Battle Creek

It is true, however, that construction of a new building on the site will materially benefit the balance of the Oliver site by placing a new steel structure on the end of a blighted and vandalized area. It is also true that the widening of Union Street will enhance the salability of the property, since the existing two-lane roadway is completely inadequate to handle the present traffic load.

Accordingly, it is recommended that the Trustees sell a 6.48 acre site at \$5,000 per acre for a total of \$32,400. Included in that resolution should be authority to grant the 30.5 feet on the east side of Union Street for widening to a four-lane thoroughfare.

On motion by Mr. Merriman, seconded by Mr. Stevens, it was unanimously voted to approve the sale and donation of the portions of the Oliver property as recommended.

18. Communication from Attorney Carr to Secretary Breslin:

Over the weekend, I finalized negotiations with Carl T. Hall, Staff Supervisor, Right of Way for Michigan Bell Telephone Company, to place two cables (1-900 line and 1-600 line) underground from its Rochester central office to Dequindre Road via Runyan Road in Section 1, Avon Township, Oakland County, across the Sarah Van Hoosen Jones property in which Michigan State owns the remainder interest. This arrangement pleases me since it will eliminate placing poles in the route and stringing multiple cables for the laterals. When the roadway is widened to 120 feet it will eliminate the relocating of cables and conduit because it conforms to the requirements of the Oakland County Road Commission.

App installation 2 underground cables by Mich. Bell at Oakland U.

On motion by Mr. Stevens, seconded by Mr. Merriman, it was voted to approve the agreement negotiated with the Michigan Bell Telephone Co. Mr. Thompson requested that he be recorded as not voting.

19. The communication from C. W. Huntington, Chairman of the Student Health Center Study Committee, to Acting President Adams giving recommendations for the operation of the Health Center were discussed. The communication in its entirety and the action taken will be found in the minutes of the July 18 meeting of the Board.

Discussion re operation of Health Center

20. Communication from C. W. Huntington, Supervisor of New Construction, to Secretary Breslin:

Bob Siefert and I have visited about the naming of an architect for the proposed Physics and Astronomy Building, the proposed Cyclotron Building, and the proposed Swine Research Center. We suggest that the following recommendations go to the Trustees:

Architects named for Physics & Astron. Bldg. and Swine Res. Ctr; Tarapata-McMahan-Paulsen to develop grant apps for Cyclotron Proj.

1. Physics and Astronomy Building. We would recommend employing Tarapata-McMahan-Paulsen Associates, Inc., of Birmingham as the number one choice. A second choice would be Harley Ellington Associates of Detroit. Tarapata-McMahon-Paulsen Associates, Inc., have done work for Oakland University.

We would suggest that they be engaged to develop the studies required for grant applications for the Physics and Astronomy and the Cyclotron project with the intent that if we proceed with the Physics and Astronomy Building this would be their project. We do not necessarily intend to commit the Cyclotron Building to either of these firms but do strongly recommend that the initial studies be done by one firm in order to have a well-coordinated development on that site. It should be recognized that this will involve an expenditure of approximately \$50,000.

2. Swine Research Center. The Board agenda, at the present time, contains a grant acceptance for a proposed Swine Research Center which is expected to cost not more than \$165,000. We have visited with Ted Simon who has indicated that he does not have the personnel to handle this project. We, therefore, recommend that the

July 17, 1969

20. Communication from C. W. Huntington, continued:

2. Swine Research Center, continued:

architectural firm of Frank and Stein Associates, Inc., be employed at the standard State of Michigan rate for this project. They have done other farm-type buildings for the University including the Beef Cattle Research Center.

On motion by Mr. Nisbet, seconded by Mr. Hartman, it was voted to approve the recommendations in item 20.

Report on meeting with Highway Dept. re cross campus highway

21. Report by Secretary Breslin on meeting held by the Michigan State Highway Department, East Lansing City Council, and MSU concerning the cross campus highway.

After discussion, it was suggested that Secretary Breslin set up a meeting with Mr. Henrik E. Stafseth, Director of the Department of State Highways, and Trustees Thompson and Martin to discuss this matter and report to the Trustees at the September meeting.

Arrangements re terminal leave and retirement for James H. Denison

22. Secretary Breslin was asked to report on his discussion with Mr. James H. Denison, Assistant to the President and Director of University Relations, relative to a possible new assignment for health reasons.

Mr. Breslin reported that Mr. Denison had agreed to the following arrangements:

- a. 1969-70 - full service collecting Hannah papers or other assignments as needed at \$27,500 per year, effective September 1, 1969. Necessary budget and secretarial service to be established.
- b. 1970-71 - Terminal leave year with no University responsibilities at \$27,500.
- c. 1971-72 - Full service at Mr. Denison's option at an arrangement to be agreed upon, with normal retirement on July 1, 1972. It was further agreed that should Mr. Denison not be able to assume full service during 1971-72, he would be granted early retirement without penalty.

Mr. Denison's office will be located in the Administration Building for 1969-70 and in an agreed-upon location for 1971-72.

On motion by Mr. Nisbet, seconded by Mr. Stevens, it was voted to approve the above arrangements.

Adjourned.

MINUTES OF THE MEETING
of the
BOARD OF TRUSTEES
July 18, 1969

Present: Chairman Stevens, Vice Chairman Merriman, Messrs. Hartman, Huff, Martin, Nisbet, Thompson, and White; Acting President Adams, Acting Vice President Wilkinson, and Secretary Breslin.

Absent: No one.

The meeting was called to order at 10:10 a.m. - Acting President Adams presiding.

The minutes of the June 20 meeting were approved with the understanding that Attorney Carr's statement regarding signatories in behalf of the Board would be included in the minutes of the July meeting.

SPECIAL MISCELLANEOUS

1. Approval of Finance Committee items on preceding pages.

On motion by Mr. Nisbet, seconded by Mr. Stevens, it was unanimously voted to approve the Finance items.

2. At the request of Trustee Huff, the following statement by Attorney Carr is included in these minutes:

To: Board of Trustees

Item 12 of the Finance Committee minutes for June 20, 1969, instructs the University Attorney "to process such changes as are required to permit Mr. Terry to sign vouchers, execute documents, etc., on behalf of the University." The purpose of the enactment was to authorize Stephen H. Terry, Administrative Assistant to the Vice President for Business and Finance, to replace Merrill R. Pierson upon his retirement from the University. I am advised that Mr. Huff requested clarification of the matter of signatories acting in the name of the Board and an explanation of the method of operation of the Office of Business and Finance. These questions are pertinent in light of past practice and the need for a clear understanding of how these responsibilities should be performed.

At the time I first began attending meetings of the Trustees, it was simply a matter of practice that the President and Secretary signed documents in the name of the Board. Following discussion, formal action was taken at the January 1953 meeting by officially designating the President and

Statement by Univ. attorney re signatories on behalf of Board