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

September 13, 2013

President Simon called the meeting of the Board of Trustees to order at 9:30 a.m. in the Board Room.

Trustees present: Brian Breslin, Dianne Byrum, Joel Ferguson, Mitch Lyons, Brian Mosallam, Faylene Owen, George Perles and Diann Woodard via telephone.

University officers present: President Simon, Acting Provost Youatt, Executive Vice President Udpa, Vice President and Secretary Beekman, Vice President and General Counsel Noto, Vice Presidents Burnham, Flinn, Gore, Groves, Haas, Hsu, Maybank and Swain, and Senior Advisor and Director Granberry Russell. Faculty liaisons present: Sue Carter, William Davidson II, William Donohue, Deborah Moriarty, and Mary Noel. Student liaisons present: Zachary DeRade, Stefan Fletcher, Jalen Garrett, and Evan Martinak.

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

- 1. On a motion by Trustee Owen, supported by Trustee Breslin, the **BOARD VOTED to approve** the agenda.
- 2. On a motion by Trustee Breslin, supported by Trustee Lyons, the **BOARD VOTED to approve** the minutes of the Board meeting of June 21, 2013.
- 3. **President's Report**

President Simon provided the following report to the Board.

A. Beginning of the Academic Year

Provost Youatt and her leadership team will provide a report on the start of the academic year as part of the Policy Committee's report.

B. Sue Petrisin

Sue Petrisin, a 25-year member of the Kiwanis Club of East Lansing, Michigan, is the first woman elected to serve as president of Kiwanis International. Sue is associate director of the MSU Alumni Association. She has served MSU with distinction for nearly three decades.

C. MSU Lands Another Top 30 Ranking

Michigan State ranks among the nation's top 30 public universities and also boasts the best supply chain management program for undergraduate students, according to U.S. News & World Report. The magazine's 2014 edition of best colleges ranks MSU number 29 among public universities.

D. MSU Named Sixth in Nation for Food and Dining

MSU has been named to Cappex College Insider's list of Top Ten Universities for Food & Dining as ranked by students. Cappex compiled the list from a student feedback analysis, including numerical rankings and comments on its website.

E. David H. Lords Award

Joshua Gillespie, Assistant Director of Residence Education in Hubbard Hall, received the 2013 David H. Lords award for outstanding community service by a campus representative. The award is distributed annually by the National Association of Collegiate Auxiliary Services to honor distinguished campus leaders who make a difference in their community through active citizenship and service. Mr. Gillespie earned the award thanks to his work on MSU's Day of Service event in 2012, his charity work sponsoring families in the Lansing area, and various other volunteer projects.

F. Michigan State Ranked in Top 100 of Times Higher Education's World Reputation Rankings

The Times Higher Education ranked MSU in the top 100 of its annual World Reputation Rankings, a list based on polling data from experienced academics. MSU ranks between 71 and 80.

G. Outstanding Law Enforcement Agency Award

Mothers Against Drunk Driving awarded the MSU Police Department the State's Outstanding Law Enforcement Agency award. The award is the result of the Department's efforts in prevention and education leading to state-wide efforts in reducing deaths and injuries.

H. Brick in Architecture Competition

The Molecular Plant Sciences building has won a Gold Award from the 2013 Brick in Architecture Competition.

I. MSU Drone

MSU researchers are using their first unmanned aerial vehicle to help farmers maximize yields by improving nitrogen and water management and reducing environmental impact such as nitrate leaching or nitrous oxide emissions. For this initiative, MSU's drone measures how crops react to stress, such as drought, nutrient deficiency, or pests. The drone flies over the field documenting the field's status. The portrait gives farmers details on the current health of their crops.

J. New MSU Anaerobic Digester to Supply Power for South Campus Buildings

An anaerobic digester that will re-use waste from MSU's farms and dining halls and create energy for several buildings on the south end of campus is now operational. A ribbon-cutting ceremony was held on August 13, officially marking the beginning of operations at the facility.

K. MSU Student Team Places Second in Nation at 2013 Texas Instruments Design Contest

MSU students who designed a portable Electrocardiogram Demonstration Board placed second in the Texas Instruments Analog Design Contest.

L. George Perles

George Perles will receive the MSU Varsity 'S' Club Henry C. Bullough Service Award. The Henry C. Bullough Service Award is presented annually to a MSU varsity letter winner who has demonstrated continuing outstanding volunteer service and devotion to MSU athletics on a local, state, national or international level and who possesses the highest standards of integrity and character to positively reflect and enhance the prestige of MSU.

4. There was no public participation on issues germane to the agenda.

5. Personnel Actions

Acting Provost Youatt presented the following personnel actions:

Yun, John T., AY—Associate Professor, Department of Educational Administration, \$100,000, with Tenure, effective January 1, 2014.

Cowen, Joshua M., AY—Associate Professor, Department of Teacher Education, \$97,500, with Tenure, effective August 16, 2013.

Gonzales, Hector M., AY—Associate Professor, Department of Epidemiology and Biostatistics, \$115,000, with Tenure, effective August 16, 2013.

English, Boyce, AN—Professor, Department of Pediatrics and Human Development, \$350,000, with Tenure, effective September 9, 2013.

Binder, Lester, AN—Professor, Department of Translational Science and Molecular Medicine; CHM West Michigan, \$275,000, with Tenure, effective August 1, 2013.

Valdez, Emiliano, AY—Professor, Departments of Mathematics; Statistics and Probability, \$150,000, with Tenure, effective August 16, 2013.

Goudreau, John L., AN—Associate Professor, Departments of Neurology and Ophthalmology; Pharmacology and Toxicology, with Tenure, effective July 1, 2013.

Mukherji, Suresh, AN—Professor, WF Patenge Chair, Department of Radiology, \$350,000, with Tenure, effective August 1, 2013.

Bonomi, Amy, AN—Professor, Department of Human Development and Family Studies, \$200,000, with Tenure, effective August 16, 2013.

Trustee Owen **moved to approve** the recommendations, with support from Trustee Byrum.

THE BOARD VOTED to approve the recommendations.

Trustee Ferguson was absent for the vote.

6. Gifts, Grants, and Contracts

Vice President Hsu presented the Gifts, Grants, and Contracts Report for the period of May 23, 2013 through August 27, 2013. The report is a

compilation of 786 Gifts, Grants, and Contracts plus 66 Consignment/Non-Cash Gifts, with a total value of \$129,782,324.

Trustee Breslin moved to approve the report, supported by Trustee Lyons.

THE BOARD VOTED to approve the Gifts, Grants, and Contracts Report.

Trustee Ferguson was absent for the vote.

Vice President Hsu introduced Dr. Kenneth Merz, Director of the Institute for Cyber-Enabled Research (ICER). Dr. Merz made a presentation to the Board on computational science. (Appendix A)

7. Finance Committee

Trustee Owen presented the Trustee Finance Committee Report and recommendations.

A. New Investment Manager—Cevian Capital Limited

It was recommended that the Board of Trustees select Cevian Capital Limited as an investment manager.

Trustee Owen **moved to approve** the recommendation, with support from Trustee Ferguson.

THE BOARD VOTED to approve the recommendation.

B. New Investment Manager—Caravel Management LLC

It was recommended that the Board of Trustees select Caravel Management LLC as an investment manager.

Trustee Owen **moved to approve** the recommendation, with support from Trustee Breslin.

THE BOARD VOTED to approve the recommendation.

C. New Investment Manager—Indaba Capital Management, LLC

It was recommended that the Board of Trustees select Indaba Capital Management, LLC as an investment manager. Trustee Owen **moved to approve** the recommendation, with support from Trustee Breslin.

THE BOARD VOTED to approve the recommendation.

D. New Investment Manager—Brandywine Global Investment Management, LLC

It was recommended that the Board of Trustees select Brandywine Global Investment Management, LLC as an investment manager.

Trustee Owen **moved to approve** the recommendation, with support from Trustee Byrum.

THE BOARD VOTED to approve the recommendation.

President Simon stated that the Investment Manager recommendations had been reviewed by the Investment Advisory Subcommittee.

E. New Investment Manager—Drake Capital Advisors LLC

It was recommended that the Board of Trustees select Drake Capital Advisors LLC as an investment manager. (Appendix B)

Trustee Owen **moved to approve** the recommendation, with support from Trustee Lyons.

THE BOARD VOTED to approve the recommendation.

F. Operating Lines of Credit

It was recommended that the Board of Trustees authorize the establishment of lines of credit to meet extraordinary cash flow needs as outlined in the resolution mailed to the Board.

Trustee Owen **moved to approve** the recommendation, with support from Trustee Byrum.

THE BOARD VOTED to approve the recommendation.

G. Project Approval—Authorization to Proceed—Olin Health Center— Chiller Replacement

It was recommended that the Board of Trustees authorize the Administration to proceed with the project entitled Olin Health Center—Chiller Replacement, and that it approve a budget of \$2,012,000.

It was recommended that the Board of Trustees grant a variance to the University zoning ordinance to allow a new chiller enclosure within a protected green space area and within a 40 foot distance from an auxiliary exit from the Grand River parking ramp.

Trustee Owen **moved to approve** the recommendations, with support from Trustee Lyons.

THE BOARD VOTED to approve the recommendations.

H. Bid and Contract Award—Administration Building—Second Floor Renovations

It was recommended that the Board of Trustees authorize the Administration to award a contract in the amount of \$520,600 to Nielsen Commercial Construction Company, Inc. for the project entitled Administration Building—Second Floor Renovations.

Trustee Owen **moved to approve** the recommendation, with support from Trustee Breslin.

THE BOARD VOTED to approve the recommendation.

8. Policy Committee

Trustee Byrum presented the Trustee Policy Committee Report and recommendations.

A. Naming Opportunity—Justin S. Morrill Plaza

It was recommended to the Board of Trustees that the landscaped plaza created on the site of the former Justin S. Morrill Hall be named the Justin S. Morrill Plaza.

Trustee Byrum **moved to approve** the recommendation, with support from Trustee Lyons.

THE BOARD VOTED to approve the recommendation.

B. Naming Opportunity—Demmer Family North End Zone Project— Northeast Wing

It was recommended to the Board of Trustees that the Northeast Wing of the North End Zone Project at Spartan Stadium be named in recognition of the Demmer family.

Trustee Byrum **moved to approve** the recommendation, with support from Trustee Mosallam.

THE BOARD VOTED to approve the recommendation.

C. Naming Opportunity—Craig and Vicki Brown Northeast Plaza and Craig and Vicki Brown Northwest Plaza

It was recommended to the Board of Trustees that the Northeast Plaza and the Northwest Plaza of the North End Zone Project at Spartan Stadium be named the Craig and Vicki Brown Family Northeast Plaza and the Craig and Vicki Brown Family Northwest Plaza.

Trustee Byrum **moved to approve** the recommendation, with support from Trustee Mosallam.

THE BOARD VOTED to approve the recommendation.

D. Approval of Contract Terms

It was recommended that the Board of Trustees approve the execution of a sponsored research contract with *Ubiquitous Energy*, *Inc.*, consistent with earlier public notice and with the "Sponsored Research Contract Term Sheet" presented to the Board for inclusion in its minutes. (Appendix C)

It was recommended that the Board of Trustees approve the execution of a lease agreement with *Mr. Thomas Galecka*, consistent with earlier public notice and with the "Lease Agreement Term Sheet" presented to the Board for inclusion in its minutes. (Appendix D)

Trustee Byrum moved to approve the recommendations, with support from Trustee Mosallam.

THE BOARD VOTED to approve the recommendation.

E. Notice of Intent to Negotiate a Contract

Pursuant to State law, the Chair of the Policy Committee gave public notice of the University's intent to negotiate contracts with *Courseweaver, Inc.,* a company based in East Lansing.

Dr. Gerd Kortemeyer, an Associate Professor in the Department of Physics & Astronomy, and his family own or have options to buy an ownership interest of more than one percent of the company. Dr. Kortemeyer is also an officer of *Courseweaver, Inc.* Dr. Wolfgang Bauer, a Professor in the Department of Physics & Astronomy, and his family own or have options to buy an ownership interest of more than one percent of the company.

Pursuant to State law, the Chair of the Policy Committee gave public notice of the University's intent to negotiate contracts with *LabSys, LLC*, a limited liability company based in East Lansing.

Dr. Yue Huang, a Professional Aide in the Department of Electrical & Computer Engineering, and his family own or have options to buy an ownership interest of more than one percent of the company. Dr. Huang is also an officer of *LabSys, LLC*.

F. Opening of Academic Year

Acting Provost Youatt said that she and her colleagues would provide a preliminary report on the opening of the academic year. MSU has welcomed 49,300 students to campus this fall including approximately 7,900 freshmen. Acting Provost Youatt said that the demand for admission to MSU remains high. She noted that approximately 79 percent of the undergraduate students are from the State of Michigan. Acting Provost Youatt thanked the faculty for welcoming new and returning students this year.

Dr. Karen Klomparens, Associate Provost and Dean of the Graduate School, said that more than 100 departments within 14 Colleges welcomed new graduate and graduate professional students to campus. In partnership with the Council of Graduate Students (COGS), program planning will begin for Chittenden Hall, which will become a neighborhood for graduate students.

Dr. Doug Estry, Associate Provost and Dean of Undergraduate Education, said that the MSU orientation program has been focused on preparing students for academic success and linking them to MSU's institutional learning goals as well as helping identify their own individual learning goals. Dean Estry said that a new initiative was implemented to assist international students with their transition to MSU, including helping them engage with domestic students. Dean Estry said that the initiative was successful and the work was well received by the students.

Vice President Gore said that MSU has a campus population of 15,526 students. He noted that 326,000 meals were purchased by those in the campus community not required to purchase a meal plan. This number has increased by 26 percent from last year.

Vice President Maybank stated that many undergraduate events had taken place to welcome students to campus. She said that Spartan Spectacular was a huge success despite being moved to the Breslin Center due to inclement weather. Vice President Maybank said that Spartan Remix was an outstanding display of the diversity and unity of the campus community. She said that the opening of 2013 was bigger, better, and bolder and allowed MSU to show the spectacular nature of Spartans.

9. Audit Committee

Trustee Breslin presented the Trustee Audit Committee Report and recommendations.

The Trustee Audit Committee has no action items; however, it did receive an overview of the Internal Audit Office functions and a review of the audit plan for the coming year that the Committee formally received in June. Internal Audit Director Tom Luccock reviewed the areas of risk for the University and audit focuses for this year.

The Committee reviewed the Athletic Department's compliance with NCAA rules. Athletic Director Mark Hollis continues to expect an athletic program with a strong compliance environment. The athletics compliance unit is led by Associate Athletic Director Jennifer Smith. Her position not only reports to the Athletic Director, but is further strengthened by her ability to report directly to the General Counsel as well. The athletic compliance unit utilizes a strong, proactive, and educational approach.

The Committee received an update on the proposed request for proposals for external auditors from Vice President Haas.

10. Trustee Comments

Trustee Ferguson said that Team MSU came together to make the opening of the school year a success.

Trustee Lyons congratulated Trustee Perles on his award.

Trustee Owen welcomed Dr. William Davidson II and Dr. William Donohue to the faculty liaison committee. She asked Dr. Sue Carter, faculty liaison, to provide an overview of the discussion that occurred at the faculty liaison breakfast meeting.

Dr. Carter said that recent events have prompted the review of academic rights and responsibilities. It is important to take a global view with respect to classroom debate, classroom discussion, and pedagogy. Many changes have been brought about by social media and, as a consequence, the Steering Committee is convening an ad hoc committee to review issues of best practices, being mindful that with rights come responsibilities. The ad hoc committee will share its findings with the entire faculty.

Dr. Donohue, faculty liaison, said that a report regarding health care concerns was released by the University Committee on Faculty Affairs in 2009. He said this report was the source of the generic prescription drug program, which has provided substantial savings. Dr. Donohue said that work continues on the initiation of an on-campus focused health care center.

Dr. Moriarty, faculty liaison, said that the Fairchild Theatre renovation is coming to fruition. The opening of Fairchild Theatre will be October 28.

Trustee Woodard congratulated Trustee Perles on his award.

Trustee Byrum acknowledged the faculty liaison committee and said that she looked forward to the robust discussions at the meetings. Trustee Byrum congratulated Trustee Perles on his award.

Trustee Mosallam thanked the members of the student liaison committee for their involvement. He said that the enrollment numbers were encouraging. Trustee Mosallam congratulated Trustee Perles on his award.

Trustee Perles said that Acting Provost Youatt was doing a great job.

Trustee Breslin added his congratulations to Trustee Perles. He commended Tom Luccock and his audit team for their hard work.

- 11. Public Participation on Issues Not Germane to the Agenda.
 - A. Lansing Blight and Alternative Fuel Center

L.W. Morrow, community member, said that he is requesting financial support from MSU for fuel cell technology. Mr. Morrow indicated that the funds would be paid back to MSU.

B. Professor William Penn

Chris Fitzsimmons, MSU alumnus, said that Professor William Penn's classroom remarks were offensive, reprehensible, and unacceptable. Mr. Fitzsimmons said that Professor Penn's hateful rant placed MSU on a national stage and is a poor reflection of MSU.

C. Professor William Penn

Matthew Bedard, MSU student, thanked the Board for its swift response to the incident regarding Professor Penn. Mr. Bedard said that he believes Professor Penn took advantage of his position and the trust of his students. Mr. Bedard said that Professor Penn utilized his position to promote his own personal opinion and to advance his personal agenda. Mr. Bedard asked that the Board consider further action against Professor Penn.

12. Request to Adjourn

On a motion by Trustee Owen, supported by Trustee Ferguson, **THE BOARD VOTED to adjourn** at 11:15 a.m.

Respectfully submitted,

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William R. Beekman Vice President and Secretary of the Board of Trustees

RESEARCH PRESENTATION TO THE MSU BOARD OF TRUSTEES

SEPTEMBER 13, 2013

KENNETH MERZ

INSTITUTE FOR CYBER-ENABLED RESEARCH

Facilitated by the Office of the Vice President for Research and Graduate Studies

September 6, 2013

Dear Colleagues,

Please join me in welcoming Kennie Merz, Jr., as the Joseph Zichis Endowed Chair in Chemistry and our new director for the Institute for Cyber-Enabled Research (iCER).

Kennie was formerly a University of Florida Research Foundation Professor, the Edmund H. Prominski Professor of Chemistry, the Colonel Allan R. and Margaret G. Crow Term Professor, and a member of the Quantum Theory Project, all at the University of Florida. His research is focused on the development of theoretical, computational and data-mining tools and their application to biological problems including structure and ligand-based drug design, computational mechanistic enzymology, and verification and validation (i.e., error analysis) of computational methodologies.

He also has worked in industry as the senior director of the Center for Informatics and Drug Discovery (CIDD) at Pharmacopeia, Inc. (now part of Ligand, Inc.) and as the senior director of the ADMET Research and Development Group in the Accelrys software division of Pharmacopeia. He is the founder of the software company QuantumBio, Inc., located in State College, Pennsylvania.

He has received a number of honors including election as an American Chemical Society Fellow, the 2010 American Chemical Society Award for Computers in Chemical and Pharmaceutical Research, election as a Fellow of the American Association for the Advancement of Science, and a John Simon Guggenheim Fellowship. He received his doctorate in organic chemistry from the University of Texas at Austin.

We are fortunate to have someone of Kennie's experience to lead iCER. In this era of exponentially increasing datasets and new data storage and sharing requirements from funding agencies, MSU needs to fully leverage the extensive resources offered by iCER.

For those of you who haven't worked with the iCER team, which includes the High Performance Computing Center, I urge you to learn more about how they can help you advance your research, while they provide the world-class software and hardware you need, plus professional system administration to handle your data. They are a nimble and innovative group – you can read about some of their remarkably varied success stories at <u>http://icer.msu.edu/research-highlights</u>.

A good way for you to learn more about iCER would be to attend their <u>Cyberinfracture Days</u>, Oct. 24-25, which is co-hosted by iCER and our IT Services Research Support Team. The Cyberinfrastructure Days event is an opportunity for MSU faculty and students to understand the benefits that cyberinfrastructure can bring their scholarly pursuits, to see what others are doing with cyberinfrastructure, and to learn what resources are available on campus, across institutions, and nationally.

And if you attend Cyberinfrastructure Days, be sure to welcome Kennie to MSU!

Steve Hsu

Vice President for Research and Graduate Studies

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Trustee Finance Committee ~ Attachment 5 September 12, 2013

MICHIGAN STATE

September 11, 2013

MEMORANDUM

To:	Trustee Finance Committee
From:	Trustee Finance Committee Mark P. Haas Vice President for Finance and Treasurer

Subject: New Investment Manager - Drake Capital Advisors LLC

RECOMMENDATION

BE IT RESOLVED that the Trustee Finance Committee recommends that the Board of Trustees select Drake Capital Advisors LLC as an investment manager.

BACKGROUND

Drake Capital Advisors LLC (Drake) has approximately \$735 million of assets under management. Drake's portfolio includes a fund of funds focused on global emerging long/short hedge fund managers, and Drake offers a structure that provides investors direct access to a subset of those managers through use of a separate account. Drake's strategy emphasizes long/short equity, complemented by uncorrelated opportunistic strategies.

OFFICE OF THE VICE PRESIDENT FOR FINANCE AND TREASURER

Mark P. Haas Vice President for Finance and Treasurer

Michigan State University Hannah Administration Building 426 Auditorium Road, Room 412 East Lansing, Michigan 48824

> Phone 517.355.5014 Fax 517.353.6772 www.vpfo.msu.edu/finance/

MSU is an affirmative-action, equal-opportunity employer.

MSU will utilize the separate account structure to establish and maintain a portfolio of direct investments in Emerging Manager Funds early in their life cycle. An Emerging Manager Fund is a fund that at the time of investment (i) has had assets under management three (3) years or less or (ii) has net assets under management of \$500 million or less. Drake will have discretion to choose the Emerging Manager Funds in the separate account. The Vice President for Finance and Treasurer will approve investment managers with the concurrence of the President. Emerging Manager approval may be withheld only if MSU's investment in a particular Emerging Manager Fund would violate laws applicable to MSU or not conform to MSU Board of Trustee policies. If MSU does not decline to make an investment chosen by Drake on those grounds, MSU will execute the subscription documents normally required by the selected Emerging Manager Fund. The account will be diversified with a maximum position size for each Emerging Manager Fund of 15%.

Cambridge Associates advises and the Investment Advisory Subcommittee and Administration concur that Drake Capital Advisors LLC represents an opportunity to invest with a skilled long/short manager. The Administration plans to make an initial commitment of \$30 million in the separate account, which will be funded by available cash. The commitment amount will not be increased without the approval of the Board of Trustees, except for increases due to appreciation. .,

cc: N. Carter, G. Klein

SPONSORED RESEARCH CONTRACT TERM SHEET

- Party: Ubiquitous Energy, Inc.
- Contracts: Sponsored research agreement "Autonomous Electrochromic Windows Enabled by Visibly Transparent Energy Harvesting Coatings"
- **Term:** From the effective date of the agreement to June 30, 2014

Payment Terms: \$67,523.

Services Provided: By MSU to Ubiquitous: Model EC window use cases to determine bounds on required PV performance and energy buffer systems; demonstrate high average visibletransmission device structures for ClearView Power-EC integration with minimal aesthetic impact; fabricate smallscale EC window demonstrator prototype using device structure.

By Ubiquitous to MSU: none.

Use of University Facilities/Personnel:

Use of MSU facilities/personnel by Ubiquitous Energy, Inc. provided at prevailing rates for industrial research.

Organization Type: Delaware corporation based in Boston, Massachusetts.

Personnel Interest: Dr. Richard Lunt, an Assistant Professor in the Department of Chemical Engineering and Materials Science, and his family own or have options to buy an ownership interest of more than 1% of the company.

LEASE AGREEMENT TERM SHEET

Party: Mr. Thomas Galecka

Agreement: MSU to lease three acres of land owned by Mr. Galecka.

Term: September 13, 2013 to October 1, 2014.

Payment Terms: \$1,500.

Services Provided: By MSU to Mr. Galecka: None.

By Mr. Galecka to MSU: None.

Use of University Facilities/Personnel:

No use of MSU facilities/personnel under the contemplated agreement.

Market Assessment: The property to be leased has unique disease pressure properties which are of interest to researchers at MSU. MSU's Land Management Office has determined that comparable property is not readily available from another source without an MSU employee interest, and that the financial terms of the contemplated agreement are fair and reasonable in the current market.

Personnel Interest: Mr. Thomas Galecka is a research assistant in the Department of Plant, Soil and Microbial Sciences at MSU.