

MINUTES OF THE SPECIAL MEETING
of the
STATE BOARD OF AGRICULTURE
December 31, 1952

Present: Mr. Brody (Chairman); Messrs. Akers, Mueller, Smith; Miss Jones; Dr. Thurston; President Hannah, Treasurer May and Secretary McDonel

Absent: Mr. Armstrong

The Board convened at luncheon in the Union Building to consider matters pertaining to the construction of dormitories for men.

1. Mr. Ralph Calder, architect, reported that the specifications for the dormitories for men had been revised and an agreement reached between the architect, Mr. McDonel, Mr. May and Mr. Foster representing the College, and the Christman Company, proposing a contract covering the construction of the dormitories for a total of \$6,270,053.

Contract with Christman Co. for men's dormitories approved.

After discussion, on motion of Mr. Mueller, seconded by Mr. Brody, it was voted to authorize the officers of the College to negotiate a contract in accordance with these terms with the final form subject to the approval of the college attorney.

Financial arrangements to provide funds for dorms approved

2. Mr. Cress of the Ann Arbor Trust Company, reported to the Board that negotiations had been completed, revising the financial arrangements required to provide funds for these dormitories.

On motion of Mr. Brody, seconded by Miss Jones, it was voted to approve the financial arrangements as outlined by Mr. Cress and Mr. May with the final contracts and the exact wording of the resolutions subject to the approval of the college attorney.

The resolutions which have been approved by the college attorney follow:

Resolutions re: financing approved

- (a) Resolution of the State Board of Agriculture amending the resolution adopted by the Board on November 20, 1952, "Authorizing officers of Michigan State College of Agriculture and Applied Science to confirm sale of bonds".

On motion duly made, seconded, and unanimously carried, it was voted that the first and second sub-paragraphs of the recitals in the resolution of this Board, adopted on the twentieth day of November, 1952, which "authorized officers of Michigan State College of Agriculture and Applied Science to confirm sale of bonds", and which have reference to commitments of the National Bank of Detroit and The State Board of Agriculture, and which specifically provided "Delivery and payment for these bonds (having reference to bonds to be delivered to National Bank of Detroit and this Board) is to be made on or before December 31, 1952", be altered and amended to eliminate reference to delivery date of bonds, which delivery date is not a condition set forth in said commitments, so that said sub-paragraphs will read as follows:

Two Million Eighty-four Thousand Dollars (\$2,084,000.00) Serial Revenue Bonds, Series I, maturing May 1, 1955, through May 1, 1967, and Nine Hundred Sixteen Thousand Dollars (\$916,000.00) Term Revenue Bonds, Series A, due November 1, 1967, or a total of Three Million Dollars (\$3,000,000.00), to the National Bank of Detroit, Detroit, Michigan, at par and accrued interest.

Eight Hundred Twenty-five Thousand Dollars (\$825,000.00) Term Revenue Bonds, Series B, due November 1, 1971, to The State Board of Agriculture, for Michigan State College for Trust Fund investment, at par and accrued interest.

Resolution re: borrowing \$2,575,000 approved.

- (b) Resolution of the State Board of Agriculture, authorizing the borrowing of \$2,575,000.00.

WHEREAS, The State Board of Agriculture borrowed from The Manufacturers National Bank of Detroit, The Michigan National Bank, and Ann Arbor Bank the sum of Two Million One Hundred Seventy-five Thousand Dollars (\$2,175,000.00) pursuant to the terms of a certain Term Loan Agreement bearing date of December 1, 1952; and

WHEREAS, this Board, in the exercise of its constitutional and statutory duties, has determined that it is necessary and expedient to borrow the sum of Two Million Five Hundred Seventy-five Thousand Dollars (\$2,575,000.00) to pay costs incidental to paying all indebtedness of principal and accrued interest owing on the Bank Loan above referred to; to provide additional funds to pay costs incidental to constructing, furnishing, and equipping three Residence Hall units and a Central Dining Unit on the campus of Michigan State College of Agriculture and Applied Science, at East Lansing, Michigan, (more specifically described in a certain Trust Agreement made and entered into by and between this Board and Ann Arbor Trust Company, as Trustee, dated as of November 1, 1952); and to pay certain financing costs and other expenses incidental to the re-financing of said indebtedness and said new construction; and

WHEREAS, The Manufacturers National Bank of Detroit, National Bank of Detroit, The Michigan National Bank, and Ann Arbor Bank are willing to loan such a sum, under the terms and conditions herein set forth and set forth in a certain Term Loan Agreement which has been presented to this Board for its consideration.

NOW, THEREFORE, BE IT RESOLVED BY THE STATE BOARD OF AGRICULTURE, of the State of Michigan, that it borrow the sum of Two Million Five Hundred Seventy-five Thousand Dollars (\$2,575,000)

2. Financial arrangements for dormitories, continued:

Resolution authorizing borrowing of \$2,575,000 approved.

(b) Resolution authorizing borrowing of \$2,575,000, continued:

for the purpose of paying all principal and accrued interest owing on a certain Bank Loan in the principal sum of Two Million One Hundred Seventy-five Thousand Dollars (\$2,175,000.00) made and entered into between this Board, The Manufacturers National Bank of Detroit, The Michigan National Bank, Ann Arbor Bank, and Ann Arbor Trust Company, as Agent, on December 1, 1952; to provide additional funds to pay costs incidental to constructing, furnishing, and equipping three Residence Hall Units and a Central Dining Unit on the campus of Michigan State College of Agriculture and Applied Science, at East Lansing, Michigan, (more specifically described in a certain Trust Agreement made and entered into by and between this Board and Ann Arbor Trust Company, as Trustee, dated as of November 1, 1952); and to pay certain financing costs incidental to re-financing said indebtedness and said new construction.

BE IT FURTHER RESOLVED that the existing Bank Loan above referred to be paid in full.

BE IT FURTHER RESOLVED, that a Term Loan Agreement, substantially in the form presented to the Board, be made and entered into with The Manufacturers National Bank of Detroit, National Bank of Detroit, The Michigan National Bank, and Ann Arbor Bank, and Ann Arbor Trust Company, as Agent; which agreement shall be dated as of January 15, 1953, pursuant to the terms of which Two Million Five Hundred Seventy-five Thousand Dollars (\$2,575,000.00) may be borrowed from said banks, under the following terms, to-wit:

1. Amount of Loan: \$2,575,000.00
2. Term: all principal and accrued interest to be paid on or before December 1, 1962.
3. Participation in Loan: Of the \$2,575,000.00 to be borrowed, each of the Banks shall loan to the Board the amounts set after their respective names, to-wit:

The Manufacturers National Bank of Detroit	1,261,750.00
National Bank of Detroit	386,250.00
The Michigan National Bank	746,750.00
Ann Arbor Bank	180,250.00
	\$2,575,000.00

4. Withdrawal of Funds: The Agent will withdraw from the Banks and the Banks shall pay to the Agent the sums set forth after their respective names, on January 15, 1953, under the terms of the Term Loan Agreement presented to this Board, and after execution of the same by all parties concerned, and upon delivery of Notes to the respective Banks evidencing the indebtedness to each, all in accordance with the terms of said Term Loan Agreement.

5. Use of Funds: All funds borrowed hereunder shall be used solely for the purpose of paying the indebtedness to the Banks hereinbefore referred to, the payment of costs incidental to the constructing, furnishing, and equipping of the three Residence Hall Units and Central Dining Unit hereinbefore referred to, and to pay authorized financing costs.

6. Interest Rates: Funds Borrowed hereunder shall bear interest in accordance with the following schedule:

- (a) From January 15, 1953, to June 1, 1955, at the rate of two per cent (2%) per annum,
- (b) from June 1, 1955, to December 1, 1957, at the rate of two and twenty-hundredths per cent (2.20%) per annum,
- (c) From December 1, 1957, to June 1, 1960, at the rate of two and thirty-hundredths per cent (2.30%) per annum,
- (d) From June 1, 1960, to December 1, 1962, at the rate of two and sixty-hundredths per cent (2.60%) per annum.

All interest shall be paid to the Banks semi-annually on June 1 and December 1 in each year, beginning with June 1, 1953.

7. Principal Payments: In addition to the semi-annual payments of interest to be paid to the Banks, the Board shall pay to the Banks, through the Agent, to be applied on the principal indebtedness, not less than the sums set forth in the following schedule:

On or before June 1, 1953	\$138,000.00
On or before June 1, 1954	119,000.00
On or before June 1, 1955	122,000.00
On or before June 1, 1956	120,000.00
On or before June 1, 1957	123,000.00
On or before June 1, 1958	125,000.00
On or before June 1, 1959	127,000.00
On or before June 1, 1960	130,000.00
On or before June 1, 1961	130,000.00
On or before June 1, 1962	133,000.00
On or before December 1, 1962, the aggregate of all unpaid balances owing on the Notes.	

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2. Financial arrangements for dormitories, continued:

(b) Resolution authorizing borrowing of \$2,575,000, continued:

8. Method of Payment: The Term Loan Agreement shall provide that the Board shall pay to the Agent, on the dates hereinafter designated, until all indebtedness is paid in full, not less than the sums hereinafter set forth:

(a) On or before May 1, 1953, and on or before May 1 in each year thereafter a sum at least sufficient to meet the interest payments due the Banks on the next succeeding June 1 interest payment date, and in addition thereto, the Board shall pay the Agent an additional sum, which will be sufficient to make payments on the principal indebtedness in accordance with the schedule of payments above set forth;

(b) On or before November 1, 1953, and on or before November 1 in each year thereafter a sum which shall at least be sufficient to meet the interest payments due the Banks on the next succeeding December 1 semi-annual interest payment date;

(c) In addition to the payments to be made to the Agent as above provided for, the Board shall, on or before September 15 in each year, beginning with September 15, 1953, pay to the Agent any Net Income, as hereinafter defined, earned during the preceding fiscal year; and the Agent shall, on October 1 in each year immediately following such payment, apply the same in payment of the last maturing principal indebtedness owing to the Banks:

(d) All funds paid to the Agent shall be held by it for the purposes designated, and the Agent, in making distribution of the same to the Banks, shall do so in such a manner so that each Bank will share in each payment made to the Agent in that proportion as the principal indebtedness to such Bank bears to the total principal indebtedness owing to the four Banks participating in the Loan herein authorized.

9. Security: The following funds, which are sometimes herein termed "Net Income" shall be pledged, and the Banks shall have a first lien thereon to assure and secure payment of the Loan herein authorized, to-wit:

(a) All income received and to be received from and after July 1, 1952, from the operation of the dormitories located on the campus of Michigan State College of Agriculture and Applied Science known as: Mary Mayo Residence Hall, Sarah Langdon Williams Residence Hall, and Louise H. Campbell Residence Hall, including, but not limited to, rental of rooms, income from the dining rooms operated in conjunction with said dormitories, and other service charges made and collected in connection with such operation, after deducting from the aggregate thereof the actual expenses of operation, administration costs (consistent with heretofore established accounting procedure, but excluding all general administrative expenses of the College), ordinary maintenance, a properly allocated share of charges for insurance, and ordinary repairs to the buildings and equipment; and

(b) All the income received and to be received from and after July 1, 1952, from the operation of the five Apartment Units known as: Carol N. Frang, Joseph Louis Bale, III, Royce A. Drake, Edwin B. Crowe, and Hubert T. Bauman Apartment Units, including rental from apartments and other service charges made and collected from their operation, after deducting from the aggregate thereof the actual expenses of operation, administration costs (consistent with heretofore established accounting procedure, but excluding all general administrative expenses of the College), ordinary maintenance, a properly allocated share of charges for insurance, and ordinary repairs to the buildings and equipment.

10. Form of Term Loan Agreement: The Term Loan Agreement to be entered into as herein authorized shall be between the Board, the Banks, and Ann Arbor Trust Company, as Agent, and shall be substantially in the form as the Term Loan Agreement submitted to this Board, which is incorporated herein by reference, and which shall be filed with the Secretary as part of the records of this Board.

11. Evidence of Debt. The Loan herein authorized shall be evidenced by the Notes of the Board, to be executed by its officers herein authorized.

BE IT FURTHER RESOLVED that the College, in the operation of the Dormitories and the dining rooms operated in conjunction therewith, shall charge rates for rooms and board which, when taken together with other service charges, will produce Net Income in each fiscal year of approximately One Hundred Forty Thousand Dollars (\$140,000.00) and that in the operation of the Apartment Units, it will charge rentals for apartments and other service charges which will produce Net Income in each fiscal year of approximately Forty-eight Thousand Dollars (\$48,000.00)

BE IT FURTHER RESOLVED that any two of the following officers, to-wit: J. A. Hannah, President of Michigan State College of Agriculture and Applied Science, Karl H. McDonel, its Secretary, and P. J. May, its Comptroller and Treasurer, be and they are hereby authorized, empowered, and directed to sign and execute, for and on behalf of The State Board of Agriculture, any and all instruments of every kind and description, requisite to or thought desirable for effecting the borrowing of the sum herein authorized, whether the same be legal, financial, (including the execution and delivery of the promissory notes), or otherwise, including, without limiting in any manner the generality of the foregoing, both the Term Loan Agreement herein authorized and all covenants and instruments referred to in or in implementation of the said Term Loan Agreement; and all instruments so executed shall bind this Board with the same force and effect as if executed by the full membership thereof.

Resolution
re: borrow-
ing of
\$2,575,000

2. Financial arrangements for dormitories, continued:

(b) Resolution authorizing borrowing of \$2,575,000, continued:

11. Evidence of Debt, continued

BE IT FURTHER RESOLVED that any two of the officers above named are hereby authorized, empowered, and directed, in the name of The State Board of Agriculture and as its act and deed, to make any changes in the terms and conditions set forth in the Term Loan Agreement presented to this Board for its approval, which they deem necessary, expedient, and proper, prior to or at the time of the execution of said agreement, but no such change shall alter therein the provisions relative to the amount to be borrowed, the interest to be paid thereon, the payments agreed to be paid the Agent, or the security pledged.

BE IT FURTHER RESOLVED, that said officers, either in said Term Loan Agreement or by the execution of said promissory notes, shall not pledge the credit of or create any liability on the part of the State of Michigan, The State Board of Agriculture, or any member or officer of said Board, or any of their successors, other than to pledge the moneys above described.

BE IT FURTHER RESOLVED that in order to give the maximum security to the holders of the promissory notes evidencing the Loan herein authorized, The State Board of Agriculture agrees that it will, for so long as any of said Notes shall remain unpaid, furnish light, heat, water, and power required in the operation of the dormitories and Apartment Units hereinbefore named, without making any charge or deduction for the same as an operating expense of the buildings.

3. Secretary McDonel presented the bids for earthwork in connection with the site at the new dormitories as follows:

Brown Brothers	\$22,328	Ray Sablain	\$29,040.00
Delhi Gravel Company	24,800	Maclean Construction Company	29,130.00
Angell Construction Company	26,650	Maurice Vermeersch	31,590.00

On motion of Miss Jones, seconded by Mr. Akers, it was voted to authorize a contract with the low bidder, Brown Brothers, at \$22,328.00.

4. At a previous Board meeting, the Board instructed Mr. May and Mr. Cress to prepare a list of common stocks in which the Board could authorize the investment of \$25,000 of miscellaneous scholarship funds with the income to be allocated to the various funds for expenditure. Mr. Cress and Mr. May submitted the following list of stocks:

		<u>Yield</u>	<u>Income</u>
American Tel and Tel	\$2,500.00	5.65	141.25
Consumers Power Co.	2,500.00	5.25	131.25
Guaranty Trust Co. (N.Y.)	2,500.00	4.44	111.00
National Steel Corporation	2,500.00	5.80	145.00
Sears Roebuck	2,500.00	4.60	115.00
Great Northern Paper	2,500.00	5.35	133.75
General Foods	2,500.00	4.50	112.50
Standard Oil Co. (N.J.)	2,500.00	5.46	136.50
Consolidated Edison Co. (N.Y.)	2,500.00	5.20	130.00
Commonwealth Edison	2,500.00	5.20	130.00
	<u>\$25,000.00</u>	<u>5.15</u>	<u>\$1,286.25</u>

On motion of Mr. Akers, seconded by Mr. Mueller, it was voted to approve this list and authorize the Comptroller to proceed with the investment.

5. Cancellation of the contract between the State Board of Agriculture and the Detroit Agriculture-Industrial Foundation, effective as of December 30, 1953.

On motion of Mr. Akers, seconded by Miss Jones, it was voted to approve the cancellation of the contract with the Detroit Agriculture-Industrial Foundation.

6. Communication from Mr. G. E. Wilson, President of General Motors, offering 400 shares of General Motors stock with the income to be used for scholarship or postgraduate work in studies of animal breeding especially hybrid crosses and animal diseases and for any other purposes that may be agreed upon.

On motion of Mr. Brody, seconded by Miss Jones, it was voted to accept with gratitude the gift from Mr. Wilson and to instruct the Secretary to write him an appropriate letter of appreciation.

7. Copies of a telegram from President-elect Dwight Eisenhower asking the Board to approve a sabbatical leave of absence for one year for President J. A. Hannah to permit him to accept the responsibility of Assistant Secretary of Defense for Manpower and Personnel, were distributed to the Board. A communication from the President was also distributed.

After considerable discussion, on motion of Mr. Akers, seconded by Miss Jones, it was reluctantly voted to approve the leave for President Hannah for one calendar year, effective date to be determined later, in accordance with the terms suggested by the President. The telegram and the letter follow:

State Board of Agriculture
President's Office

December 31, 1952

Mr. Wilson and I have requested John A. Hannah to undertake the heavy responsibilities of

Contract for earthwork at site of new dorm approved - contract let to Brown Brothers

Comptroller authorized to invest \$25,000 of miscellaneous scholarship funds in common stocks

Contract with Detroit Agriculture-Industrial Foundation app.

Gift of 400 shares of GM stock from G.E. Wilson - with income to be used for scholarships or post-graduate work.

Sabbatic leave granted Pres. Hannah for one year to become A-st. Sec. of Defense in President Eisenhower's cabinet.

7. Leave for President J. A. Hannah, continued:

Assistant Secretary of Defense for Manpower and Personnel. While I appreciate the importance of his commitment to you I believe it would be most beneficial to the nation if you would grant him sabbatical leave for one year while he assists in the difficult tasks of organization which lie ahead. I shall be personally grateful to be able to count on having his support."

Sincerely,

/s/ Dwight D. Eisenhower

"To the State Board of Agriculture

December 31, 1952

"Miss Jones and Gentlemen:

"President-Elect Dwight D. Eisenhower and C. E. Wilson, the newly appointed Secretary of Defense, urge me to accept the responsibility of Assistant Secretary of Defense (Manpower and Personnel) in the new administration for a period of one year. The organizational manual for this office outlines the responsibilities as follows:

"A. Responsibilities

"Responsible to the Secretary of Defense for manpower and personnel matters within the Department of Defense including Manpower Requirements, Manpower Utilization, Manpower Supply and Industrial Relations; for policies required for the administration and maintenance of adequate Reserve Forces; for the Information and Education Program; and for representing the Department of Defense in all matters of manpower and personnel.

"At the present time approximately five million persons are included in the civilian personnel and armed forces.

"As you know, this responsibility has not been sought. In this critical time in our nation's history, however, I feel that a call of this kind is akin to a call to military service in the defense of our country. It appears to be one of the most important responsibilities in the government service. Under these circumstances, I feel that my personal desire and commitment to continue to devote all of my limited ability and effort to Michigan State College should be given further consideration.

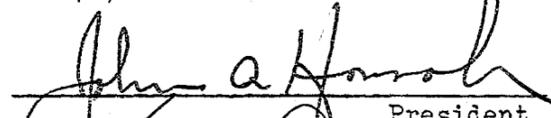
"My firm decision to continue to serve Michigan State College and our Board so long as you wish continues with undiminished fervor. Having devoted now almost thirty years to this effort, I do not propose to accept any assignment that in my judgment will interfere seriously with the normal functioning of the College. I have explained to President-Elect Eisenhower and to Mr. Wilson that my decision rests entirely with our Board.

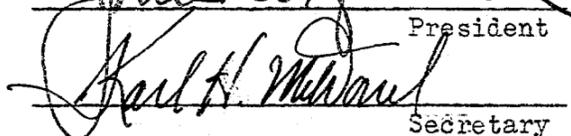
"The proposal for your consideration is that you approve the request of President-Elect Eisenhower that I be granted sabbatic leave to allow me to accept the responsibility of Assistant Secretary of Defense for Manpower and Personnel under the following conditions:

1. That I continue to hold the office and responsibility of President of Michigan State College for the period of this appointment of one calendar year.
2. That during this period I shall spend some days each month on the campus, including attendance at regular Board meetings and such time as is required to prepare for these meetings and complete routine assignments resulting from them. I expect to spend every possible weekend with my family on the campus and be available to transact college business and for conferences with staff personnel on these occasions. I will be available by telephone as may be required. I will make every effort to be available for the usual hearings before legislative committees on matters of appropriations and other items of importance to the College.
3. That during the period of this loan to the Defense Department my salary from the College is to conform to the usual sabbatic leave policy and be reduced to one-half the regular rate.
4. That after a reasonable number of months if in the opinion of the Board the operation of the College is being too seriously hampered by this arrangement, you reserve the right to suggest my return full time to the campus after a reasonable notice to the Secretary of Defense and the President.

"I feel that I should add that this unexpected development may well serve to make Michigan State College an even stronger institution. Certainly my selection is in reality a recognition of the College itself, and there would be many opportunities to bring Michigan State College to the favorable attention of influential persons. Beyond that, I hope that I would return to full-time duties better qualified than before to administer the affairs of this institution, which will always have first claim on my interest and devotion."

/s/ John A. Hannah, President


President


Secretary

The meeting adjourned at 2:45 p.m.

Letter from Pres. Hannah requesting for himself a sabbatic leave for one year to become Asst. Sec. of Defense in President Eisenhower's Cabinet.