

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

February 4, 1994

The Trustee Finance Committee and the Trustee Policy Committee meetings were held in the Board Room of the Administration Building on Friday, February 4, 1994. Minutes of the committee meetings are on file in the Office of the Secretary of the Board of Trustees.

The meeting of the Board of Trustees was called to order by President McPherson at 10:35 a.m. in the Board Room, following the committee meetings.

Trustees present: Dolores M. Cook, Joel Ferguson, Dorothy Gonzales, Russell G. Mawby, Barbara J. Sawyer-Koch, John D. Shingleton, Bob Traxler, and Robert E. Weiss.

University officers present: President McPherson, Provost Simon, Secretary Hesse, General Counsel and Vice President Kurz, Vice Presidents Denbow, Meyer, Pierre, Turner, and Wilkinson. Faculty Liaison representatives present: Dr. Etta Abrahams, Dr. David Fisher, Dr. Sheila Grimes, and Dr. Susan Selke. Student Liaison representative present: Cathleen Smith.

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

1. On a motion by Mr. Shingleton, supported by Ms. Cook, **THE BOARD VOTED to approve** the agenda.
2. On a motion by Dr. Mawby, supported by Ms. Sawyer-Koch, **THE BOARD VOTED to approve** the minutes of the Board meeting of November 19, 1993.
3. President McPherson announced that public participation had been divided into two parts. The first speakers would be addressing issues germane to the agenda and the later time would be for other topics. Mr. Ferguson commented there might be an occasional exception to the new procedure, as there would be today, when someone would be permitted to speak early in the meeting if they could not attend at the later time.

The following individuals addressed the Board of Trustees on issues germane to the agenda:

- A. Kay Palinski, representative of the Eyde Company, commented on the University Corporate Research Park and their company's long, valued, and amiable association with Michigan State. Rather than compete with the private sector, she recommended that the University work in partnership with real estate and development people in the community.
- B. Chantelle Renee Jones, a student, expressed appreciation for being permitted to speak early in the meeting on behalf of the Women's Studies Program in the College of Arts and Letters. She distributed a letter with signatures petitioning an investigation of the inadequate funding of the program major which was established in Fall 1993.
4. President McPherson reported that during the past few weeks he and Provost Simon have been working intensely on the principles gathering input from all segments of the University. The draft document has been distributed and the thrust of it has received wide support. The principles are expected to be finalized for the State of the University address on February 15 and will provide major policy and some budgetary guidance as the University moves forward. When tuition is being determined, consideration will be given to the progress being made on the reduction of medical costs at the University, a proposed 2.3 percent increase in the State appropriation to the University, and inflation.

Mr. Weiss requested five- and ten-year information in graph format of the percentage and dollar increase of tuition and the State appropriation.

Mr. Traxler commended the President for the direction of the University and pledged his support. He believes some of the budget strain felt in the last year should be alleviated by the assistance of support personnel and faculty on the health proposals, plus a possible advantage from the Legislature and Governor.

Public
Participation

President's
Report

February 4, 1994

Mr. Shingleton commented that as the critical issue of tuition is reviewed, the University must remember its responsibility to students and alumni and to not jeopardize the quality of education.

President's
Report cont.

Mr. Traxler reported that faculty members expressed a concern at the Liaison breakfast meeting that "nibbling around the edge of department budgets" was an inappropriate way to provide resources to various departments and schools. Instead, a process should be in place for a point-by-point review of appropriations to various departments.

The President concluded his comments by stating the principles call for a major thoughtful review and prioritizing of the University. There will be a trade-off between access and tuition levels versus all the things the University would like to do. The principles will provide the framework that will allow the University over time to prioritize, to rationally hold people to expectations, and to keep in line the quality we have to deliver at the cost we can expect students to pay.

5. An additional speaker, Mr. Craig Wieland, President of Wieland-Davco Corporation, was given permission to address the Board substituting for someone who was scheduled earlier. As a general contractor, developer, and owner of property adjacent to the University, Mr. Wieland encouraged the University to continue its research emphasis at the research park.

Public
Participation
continued

6. Mr. Rollin Dasen was recognized by Provost Simon as a long-time representative of the Instructional Media Center who has recorded Board of Trustees meetings for several years. It was Rolli's last Board meeting before retiring.

7. Personnel Actions were presented by Provost Simon:

Personnel Actions

A. Appointments

Appointments

- 1) Shaw, Steven W., AY-Professor, Department of Mechanical Engineering, \$76,200, with Tenure, effective January 1, 1994.
- 2) Taylor, Carl S., AY-Professor, Department of Family and Child Ecology, \$57,000, with Tenure, effective February 16, 1994.
- 3) Frost, John W., AY-Professor, Department of Chemistry, \$61,000, with Tenure, effective January 1, 1994.
- 4) Rohde, David W., AY-Professor, Department of Political Science; Institute for Public Policy and Social Research, \$100,000, with Tenure, effective August 16, 1994.

On a motion by Dr. Mawby, supported by Ms. Sawyer-Koch, **THE BOARD VOTED to approve** the appointments.

Provost Simon commented that the individuals being appointed are four particularly important additions to the faculty. Each of them will be involved in undergraduate teaching and working on activities consistent with the land-grant tradition.

At the request of Dr. Simon, Mr. Denbow commented on the importance of Dr. Rohde's return to Michigan State. Over the past two years Dr. Rohde has been the most quoted MSU professor and is seen by national media as one of five or six top experts on political issues. His return is a tremendous public relations asset for Michigan State.

- B. Information Reports of Academic Personnel Actions dated November 10, 1993 and December 8, 1993, distributed with the Board Agenda, are included with the agenda materials in the Office of the Secretary of the Board of Trustees.

Information
Reports

8. The Gift, Grant and Contract Report was presented by Vice President Pierre for the period of October 23, 1993 through January 7, 1994. The report is a compilation of 369 items and 46 Consignment Equipment-Gifts with a total value of \$39,664,861.86.

Gift, Grant and
Contract Report

On a motion by Mr. Shingleton, supported by Ms. Cook, **THE BOARD VOTED to approve** the Gift, Grant and Contract Report. The report is included with the Board Agenda in the Office of the Secretary of the Board of Trustees.

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Gift, Grant and
Contract Report
cont.

Dr. Pierre congratulated Provost Simon and others for bringing outstanding faculty to Michigan State who make it possible for the University to report successful research projects. He said he has emphasized many times that the University's ability to bring in funds is related to the quality of the faculty.

Trustee Finance
Committee

9. Trustee Finance Committee reports and recommendations were presented by Committee Chairperson Traxler as follows:

Funds Functioning
as Endowments

A. Funds Functioning as Endowments

John Washington
Donnell Memorial

- 1) It was recommended that the John Washington Donnell Memorial Endowment be established as a fund functioning as an endowment.

Mary Louise Gephart
Donnell Scholarship/
Enrichment

- 2) It was recommended that the Mary Louise Gephart Donnell Scholarship/Enrichment be established as a fund functioning as an endowment.

On a motion by Mr. Traxler, supported by Mr. Shingleton, the above recommendations were approved.

Exchange Fee
Interest in
Property

- B. It was recommended that the administration be authorized to exchange fee interest in approximately .64 acres of MSU property for fee interest in approximately 17 acres owned by Consumers Power Company.

On a motion by Dr. Mawby, supported by Mr. Shingleton, the above recommendation was approved.

Blue Cross/Blue
Shield Indemnity
Plan

- C. It was recommended that effective July 1, 1994, the University's indemnity plan be changed from an administrative-services-only contract with Aetna to fully-insured coverage with Blue Cross/Blue Shield of Michigan (BCBSM) for the faculty, academic staff, nonunion staff, retirees, and all employees under contract where the proposed BCBSM coverage has been negotiated.

On a motion by Mr. Traxler, supported by Dr. Mawby, the above recommendation was approved.

Investment
Restructuring

- D. It was recommended that the following investment restructuring actions be taken:

Hedge Fund
Investments

- 1) Hedge Fund Investments: Investment of \$4 million in Pequot Partners Fund, L.P. Fund and \$2 million in Emerald Partners L.P.

Risk Arbitrage
Investments

- 2) Risk Arbitrage Investments: Investment of \$4 million in Farallon Capital Limited Partners, L.P. and \$2 million in Davidson Kempner Institutional Partners L.P.

Value Oriented
Equity Investments

- 3) Value Oriented Equity Investments: Investment of \$10 million with Snyder Capital Management, Inc. and \$10 million with Arnhold and S. Bleichroeder Capital.

On a motion by Dr. Mawby, supported by Ms. Sawyer-Koch, the above recommendation was approved.

Pooled Cash
Investment Strategy
Revisions

- E. It was recommended that the pooled cash investment strategy be revised as follows:

- 1) The pool be separated into a Short Term Pool, an Intermediate Reserve, and a Base Cash Pool;
- 2) The Short Term Pool continue to be invested by the administrative staff pursuant to the Board's policies for short term investments but primarily in investments with maturities of one year or less;
- 3) The Intermediate Reserve continue to be invested by the administrative staff pursuant to the Board's policies for short term investments but primarily in investments with maturities of one to five years;
- 4) The Base Cash Pool be invested by not more than two outside managers in long term fixed income investments pursuant to the Board's policies for long term fixed income investments;

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Trustee Finance
Committee cont.Pooled Cash
Investments cont.

- 5) The Trustee Finance Committee, in consultation with the administrative staff and Cambridge Associates, Inc., the Board's investment consultant, be authorized to select the fixed income managers for the Base Cash Pool, and that these selections be reported to a future meeting of the Board of Trustees;
- 6) The administrative staff explore the feasibility of acquiring a credit facility which could be drawn upon for short term cash needs. This would minimize the need to liquidate investments in the Intermediate Reserve and enhance investment yields.

On a motion by Ms. Sawyer-Koch, supported by Mr. Shingleton, the above recommendation was approved.

- F. It was recommended that the Board of Trustees approve the establishment of a Joint Venture with Peckham Vocational Industries, Inc., and authorize the administration to execute necessary legal agreements to implement the venture. The Executive Summary of the proposal was amended to clarify the scope of patients eligible for treatment at the facility and is included with the agenda in the Office of the Secretary of the Board of Trustees.

Joint Venture with
Peckham Vocational
Industries, Inc.

On a motion by Dr. Mawby, supported by Mr. Shingleton, **THE BOARD VOTED to approve** the above recommendations.

- G. It was reported at the morning Committee meeting that as authorized by the Board at its November 19, 1993 meeting, the Committee held a special meeting on Saturday, January 15, 1994, to consider bids for Phase I of the Spartan Stadium Renovation project. The Committee approved the recommendation that a contract in the amount of \$1,049,000 be awarded to Granger Construction Company of Lansing, Michigan, and a budget in the amount of \$1,700,000 be established for the project entitled: Spartan Stadium Renovations - Phase I.

Report on Spartan
Stadium Renovation
Project

10. Trustee Policy Committee reports and recommendations were presented by Chairperson Weiss as follows:

Trustee Policy
Committee

- A. It was recommended to disband the Department of Community Health Science and the integration of the functions of that Department into other areas within the College of Osteopathic Medicine.

Disband Department
of Community
Health Science

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

- B. It was recommended to adopt the resolution which amends the deed restrictions to the land comprising the University Corporate Research Park to read as follows:

Amend Deed
Restrictions to
University
Corporate Research
Park

The real property described in the deed to which these Deed Restrictions are attached (the "Property") is and shall be restricted to use as a multi-building and multi-user park primarily for research, education, development of innovations, or controlled-environment production, in each case having a significant relationship to science and technology and providing a significant research or educational benefit to Michigan State University, and for office facilities which are compatible with the foregoing. These Deed Restrictions shall not prohibit or restrict the construction of physical facilities or the creation of leasehold interests in the Property consistent with such use.

On a motion by Dr. Mawby, supported by Mr. Weiss, **THE BOARD VOTED to approve** the above recommendations.

- C. Dr. Joanne Keith of the Department of Family and Child Ecology introduced teachers, principals, volunteers, and children representing the Young Spartan Program which is jointly sponsored by Michigan State University, the Michigan Department of Commerce, and the Lansing Public Schools. Representatives reported on the significant activities of this pilot project taking place in four Lansing elementary schools.

Report on Young
Spartan Program

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Chairperson's
Report
1994 Calendar

Resolution - Asian
Pacific American
Heritage Month
at MSU

11. Chairperson's Report

- A. Chairperson Ferguson announced the remaining 1994 Board of Trustees meeting dates as March 31, June 9-10, July 28-29, October 6-7, and December 8-9.
- B. A resolution was presented in recognition of Asian Pacific American Heritage Month at Michigan State University.

Resolution

WHEREAS, Asian Pacific Americans constitute an important portion of the Michigan State University, Michigan and the national populations; and

WHEREAS, Asian Pacific American faculty, staff, students and administrators are significant contributors to the Michigan State University experience; and

WHEREAS, Asian Pacific Americans have greatly enriched the entire community through special presentations and educational programs regarding their culture and history;

THEREFORE, the Board of Trustees, officially recognizes March 28 through April 29, 1994, as Asian Pacific American Heritage Month at Michigan State University and encourages all members of the university community to participate in the wealth of activities being planned by the Asian Pacific American Student Organization.

On a motion by Mr. Ferguson, supported by Ms. Sawyer-Koch, **THE BOARD VOTED to approve** the resolution.

- C. Mr. Ferguson remarked that the Board meeting format is being evaluated. At today's meeting, public participation was held at the beginning of the meeting for participants to address topics pertaining to the agenda and time would be provided at the end of the meeting for generic topics or long-range items. The Board will be scheduling informal work sessions which will be posted and there will be no objection to people sitting in on the discussions.

President McPherson emphasized that work sessions of the Board will be posted as open meetings, consistent with the Open Meetings Act.

Trustees'
Comments

12. Trustees commented as follows:

- A. Trustee Cook reported on her attendance at a three-day conference sponsored by the Naples Institute of Higher Education in Naples, Florida. The conference focused on funding higher education when resources are scarce and how best to utilize resources. Participants included administrators, university presidents, and governing board members. Many topics related to things Michigan State has already done or is beginning to do and several pertained to the guiding principles the Board will be considering. She recommended that Dr. Robert Zemsky of the University of Pennsylvania be invited to speak to the Board on the future of higher education. Trustee Cook thanked the University for the opportunity to attend the conference.

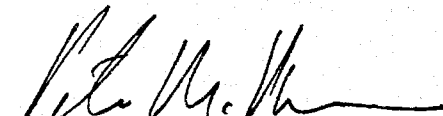

Trustee Traxler complimented Trustee Cook for the report and supported her suggestion to invite a guest to interact with Board members.

- B. Trustee Sawyer-Koch reminded Trustees of the seminar on campus climate to be held at Wayne State University next Friday.
- C. Trustee Mawby remarked that the University will be conducting one of its great traditions, Agriculture and Natural Resources Week, the first full week of March.
- D. Trustee Weiss commended the President and the University community for quickly responding to the recent racial incident. Bigotry is unacceptable and will not be tolerated. There must be a continuous effort to deter bigotry and in the close environment of the University, there must be a sensitivity and response to these kind of circumstances.

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President McPherson remarked that the University has to do its part for the campus to be physically and emotionally secure to the extent that we can provide the climate for people to grow.

13. President McPherson reported that he had not received a request for an Executive Session.
14. Since the meeting progressed quicker than anticipated and would conclude before lunch, President McPherson offered to meet at 2 p.m. with the persons scheduled for public participation at the afternoon session.
15. The meeting was adjourned at 12:35 p.m.

Executive
Session
Peter McPherson
President
Martha L. Hesse, Ph.D.
Secretary