

MINUTES OF THE MEETING  
of the  
MICHIGAN STATE UNIVERSITY  
BOARD OF TRUSTEES  
February 8, 1985

President Mackey called the meeting to order in Lincoln Rooms A & B, Kellogg Center at 8:55 a.m. on Friday, February 8, 1985.

Present: Trustees Dade, Lick, Owen, Pridgeon, Reed, Sawyer, Wilbur, Wilson; President Mackey, Provost Winder, Vice Presidents Breslin, Cantlon, Dickinson, Schonbein, Stewart and Turner; Acting Vice President and Secretary Wilkinson, General Counsel Carr, Assistant to the President Carlisle, Faculty Liaison Group and Student Liaison Group; Dr. Lou Anna Kimsey Simon, Assistant Provost for General Academic Administration; Dr. Robert Lockhart, Director of Planning and Budgets; Mr. Keith Williams, Associate Director of the MSU Alumni Association.

1. Approval of Proposed Agenda

Trustee Lick moved approval of the proposed agenda, seconded by Trustee Sawyer. Trustee Reed moved that the agenda be amended to include a revision of the Trustee Policy No. 01-01-05, Trustee Expenditure Guidelines. Trustee Wilson requested that the agenda be amended to allow for a question period prior to the luncheon recess. Trustee Sawyer moved that agenda Item 8, discussion on the Complex Carbohydrates Center, be removed from the agenda. Trustee Wilbur stated that she supported the removal of the discussion of this item; however, she requested that the administration report on the Center. The proposed agenda, along with the recommendations, was approved by a vote of 8 to 0.

2. Approval of the Minutes of November 30, 1984

Trustee Owen moved approval of the November 30, 1984 Minutes. Seconded by Trustee Dade. Approved by a vote of 8 to 0.

3. Committee to Review Executive Compensation

Trustee Sawyer announced that she has established a committee to review the executive compensation plan consisting of Trustees Pridgeon, Owen, Sawyer and Wilson. She stated that this committee would report back to the Board of Trustees at a future date.

4. Trustee Policy No. 01-01-05 -- Trustee Expenditure Guidelines

Trustee Reed indicated that he had been requested, as Chairperson of the Audit Committee, to review this policy, and he recommends that the current policy be replaced in its entirety with the following language:

Trustees will be reimbursed for all expenses when presented. Expenses will be reviewed periodically by the Chairperson of the Board and Chairperson of the Audit Committee. The Secretary shall keep a record of all expenses reimbursed to each Trustee.

The policy change above was moved by Trustee Reed, seconded by Trustee Owen, and approved by a vote of 8 to 0.

5. Board of Trustees Organizational Matters

A. Chairperson

On motion by Trustee Sawyer, seconded by Trustee Owen, that Trustee Dade be elected as the Chairperson of the Board of Trustees. Unanimously approved.

B. Vice Chairperson

On motion by Trustee Lick, seconded by Trustee Wilson, that Trustee Reed be elected the Vice Chairperson of the Board of Trustees. Unanimously approved.

C. MSU Foundation

Trustee Dade announced, following the Board of Trustees rotation policy, that Trustees Reed and Wilson would continue to serve on the Board of Directors of the MSU Foundation through December 1986, and that Trustees Dade and Owen would serve through December 1988.

D. Committee Assignments

Trustee Dade announced that Committee Chairpersons and Delegates to the Michigan Association of Governing Boards (MAGB) would be announced at the next meeting. He requested that Trustees forward recommendations to him for these assignments.

Approved Change  
of Trustee  
Expenditure  
Guidelines,  
Trustee  
Policy No.  
01-01-05

Board  
Chairperson -  
Trustee Dade

Board Vice  
Chairperson -  
Trustee Reed

MSU Foundation  
Board of Dir-  
ectors members:  
Reed and Wilson  
thru Dec., 1986;  
Dade and Owen  
thru Dec., 1988

6. The Board convened for the Land and Physical Facilities Committee at 9:08 a.m.
7. The Board reconvened at 9:23 a.m.
8. Academic Program Review

Dr. Lou Anna Kimsey Simon, Assistant Provost for General Academic Administration, introduced a video presentation on Academic Computer Technology at Michigan State University. This 40-minute presentation demonstrated examples of instructional, research and public service computer technology, using approximately 30 departments as examples.

9. Report on Governor's Budget Message

Dr. Robert Lockhart, Director of Planning and Budgets, reviewed the Governor's Budget Message for Higher Education and Michigan State University for fiscal 1985-86. (Materials are on file in the Secretary's Office.)

10. Alumni Relations Report

Mr. Keith Williams, Associate Director of the MSU Alumni Association, responded to questions relating to the annual Alumni Relations Report.

11. Report on Complex Carbohydrates Center

Vice President Cantlon reported that a background document relating to the establishment of a Complex Carbohydrates Center on campus was distributed with the agenda. He indicated that this planning document had been reviewed further with the appropriate academic units on campus and, due to the immediate shortage of funds and space to develop such a Center, it was concluded that the University would not pursue the development of this Center at this time. He indicated that the opportunity to move in this direction was very limited and would have resulted in substantial redirection of other research resources.

Complex  
Carbohydrates  
Center Report

12. Trustee Questions

Pursuant to Trustee Wilson's request, the Trustees requested that information be provided on several items. Secretary Wilkinson will inform the appropriate offices and responses will be developed and forwarded to the Board of Trustees. (List is on file in the Secretary's Office.)

The Board recessed for lunch at 11:02 a.m.

The Board reconvened at 1:25 p.m. for its Action Session in the Board Room, Administration Building.

13. Recognition of Trustee GPA Award Winners

The Board of Trustees' awards are granted at each commencement to graduates having the highest scholastic averages at the close of their last term of attendance.

The following students graduating Winter Term 1985 who had the highest scholastic average at the close of their last term in attendance will be recognized as recipients of the Trustee GPA Awards:

First Highest

Karen E. Studer, Microbiology  
3.9868 average, graduate of Kent City High School,  
Kent City, MI

Karen E.  
Studer

Second Highest

Jay E. Austin, Social Science-Law, Democracy  
3.9122 average, graduate of Ontario Senior High School,  
Ontario, OR 97914

Jay E. Austin

Third Highest

Thomas G. Lawrence, Mechanical Engineering  
3.9050 average, graduate of Cinnaminson High School,  
Cinnaminson, NJ 08077

Thomas G.  
Lawrence

Fourth Highest

Julie L. Pappas, Merchandising Management  
3.8750 average, graduate of Forest Hills Northern High School,  
Grand Rapids, MI 49506

Julie L.  
Pappas

Karen Studer was not able to attend the informal ceremony.

14. Public Comments

- a. Michael Hugh Burny, student, requested that the State News, Inc., a private corporation, not be funded by the University. He stated that he felt that the University should not collect fees for a private corporation.
- b. John Parres, student and member of the Student Liaison Group to the Board, told the Board that it is the opinion of ASMSU that a university the stature of MSU should not be dependent on one news source for information pertaining to the University. (Material given to the Board is on file in the Secretary's Office.)

15. A. PERSONNEL ACTIONS

Appointments

- 1. Approved the appointment of James R. Fischer, Professor, Agricultural Engineering, with tenure, at a salary of \$62,500 per year on an annual basis, effective February 1, 1985.
- 2. Approved the appointment of Elvin C. Lashbrooke, Jr., Professor, General Business & Business Law, with tenure, at a salary of \$55,000 per year on an annual basis, effective January 1, 1985.

Approved by a vote of 8 to 0 on motion by Trustee Lick, seconded by Trustee Dade.

Dr. Winder announced that Professor George Bertsch will be named a John A. Hannah Distinguished Professor, effective August 1, 1985. Professor Bertsch is currently on a sabbatical leave from the Department of Physics and Astronomy; National Superconducting Laboratory, until July 31, 1985.

15. B. GIFT, GRANT AND CONTRACT REPORT

Gifts and Grants totaled: \$10,571,756.

Approved by a vote of 8 to 0 on motion by Trustee Reed, seconded by Trustee Dade.

15. C. BIDS AND CONTRACT AWARDS

(1) Bessey Hall Air Conditioning

The following bids were received on January 10, 1985, for Air Conditioning the North Wing of Bessey Hall. This project provides air conditioning for the north office wing of Bessey Hall by extending chilled water piping from an existing chiller in the south wing to aid handling units. Also included are replacement of deteriorated cooling towers and installation of variable air volume dampers, variable speed drives and controls to minimize the air conditioning system's energy use. Alternate No. 1 provides for installing solar screens on the east windows of the south wing. Alternate No. 2 provides for replacing two deteriorated cooling towers and related ductwork.

<u>Contractor</u>	<u>Base Bid</u>	<u>Alternate No. 1</u>	<u>Alternate No. 2</u>
Michigan Boiler & Engineering, Inc.	\$239,300	\$32,970	\$32,050
Bosch Mechanical Contractors, Inc.	240,842	36,810	30,599
Davanay Plumbing & Heating, Inc.	244,000	34,000	35,444
John E. Green Company, Inc.	252,000	36,400	46,500

Notification and/or plans and specifications were sent to the offices of Builders Exchange and Dodge Reports in Lansing. The following minority organizations were also notified: Inner City Business Improvement Forum, Michigan Minority Business Council, Association of Minority Contractors, and Greater Lansing Minority Association. No minority or women-owned businesses submitted bids.

The subcontracting goals for this project are five percent Minority Business Enterprises (MBE) and five percent Women Business Enterprises (WBE). The low successful bidder has certified that it will comply with the requirements. The MBE and WBE subcontracts will total approximately \$30,800.

Michigan Boiler & Engineering, Inc. has been determined not to be a responsible bidder because they withdrew from a previous University project after a contract was awarded them by the Board of Trustees.

continued - - -

Personnel  
Actions

Appointments

John A. Hannah,  
Distinguished  
Professor --  
George Bertsch,  
Effective  
August 1, 1985

Approved Bessey  
Hall North Wing  
Air Conditioning

(1) Bessey Hall Air Conditioning, cont.

It is recommended that a contract in the amount of \$308,251 (Base Bid - \$240,842 plus Alternate No. 1 - \$36,810 and Alternate No. 2 - \$30,599 be awarded to Bosch Mechanical Contractors, Inc., of Grand Rapids, Michigan, and that the following budget be established:

Contractor - Bosch Mechanical Contractors, Inc.	\$308,251
Design, Coordination, and Inspection	21,700
Contingency	20,049
Total	<u>\$350,000</u>

This project was estimated at \$308,000 by the Physical Plant Division in March 1984.

Funding for this project will be from the General Fund.

RESOLVED that the above contract be awarded and project budget be established as recommended.

Approved by a vote of 8 to 0 on motion by Trustee Wilson, seconded by Trustee Sawyer.

(2) Eppley Center Chilled Water Main Extension

The following bids were received on January 15, 1985, for the Chilled Water Main Extension to Eppley Center. This project provides for extension of chilled water main piping from the intersection of Bogue Street and Wilson Road to Eppley Center. This extension will provide chilled water service from the Regional Chilled Water Plant on Service Road and allows the removal of the deteriorated absorption water chiller in Eppley Center.

<u>Bidder</u>	<u>Base Bid</u>
E. T. MacKenzie Company	\$194,825.34
Austin Excavating	210,716.00
Bosch Mechanical Contractors, Inc.	222,204.00
John E. Green Company, Inc.	260,000.00
William E. Walter Plumbing & Heating Co., Inc.	263,680.00

Notification and/or plans and specifications were sent to the offices of Builders Exchange and Dodge Reports in Lansing. The following minority organizations were also notified: Inner City Business Improvement Forum, Michigan Minority Business Council, Association of Minority Contractors and Greater Lansing Minority Association. No minority or women-owned businesses submitted bids.

The subcontracting goals for this project are five percent Minority Business Enterprises (MBE) and five percent Women Business Enterprises (WBE). The low bidder has certified that it will comply with the requirements. The MBE and WBE subcontracts will total approximately \$19,500.

It is recommended that a contract in the amount of \$194,825.34 be awarded to E. T. MacKenzie Company of Grand Ledge, Michigan, and that the following budget be established:

Contract - E. T. MacKenzie Company	\$194,825.34
Landscape Restoration	5,000.00
Design, Coordination & Inspection	14,100.00
Contingency	16,074.66
Total	<u>\$230,000.00</u>

This project was estimated at \$190,000 by the Physical Plant Division in December 1984. The higher than anticipated cost is primarily due to having to bury the chilled water line deeper than anticipated to avoid conflicts with existing utilities. Also involved is the recent change in the construction bidding climate which is becoming less competitive.

Funding for this project will be from a State of Michigan special maintenance allocation in the amount of \$190,000 and the General Fund.

RESOLVED that the above contract be awarded and project budget be established as recommended.

Approved by a vote of 8 to 0 on motion by Trustee Sawyer, seconded by Trustee Dade.

Approved  
Eppley Center  
Chilled Water  
Main Extension

15. C. BIDS AND CONTRACT AWARDS, cont.

(3) Eppley Center Air Conditioning Office Wing

The following bids were received on January 15, 1985, for Air Conditioning the Office Wing of Eppley Center. This project provides for installing chilled water coils in existing air handling equipment, as well as the necessary pumps, piping, and controls to provide air conditioning for the office wing of Eppley Center.

Approved  
Eppley Center  
Office Wing  
Air Condition-  
ing

<u>Bidder</u>	<u>Base Bid</u>
John E. Green Company, Inc.	\$ 88,700
Davanay Plumbing and Heating Inc.	92,674
Michigan Boiler & Engineering Company	95,360
William E. Walter Plumbing & Heating Co., Inc.	100,500
Bosch Mechanical Contractors, Inc.	115,966

Notification and/or plans and specifications were sent to the offices of Builders Exchange and Dodge Reports in Lansing. The following minority organizations were also notified: Inner City Business Improvement Forum, Michigan Minority Business Council, Association of Minority Contractors, and the Greater Lansing Minority Association. No minority or women-owned businesses submitted bids.

The subcontracting goals for this project are three percent Minority Business Enterprises (MBE) and seven percent Women Business Enterprises (WBE). The low bidder has certified that it will comply with the requirements. The MBE and WBE subcontracts will total approximately \$9,000.

It is recommended that a contract in the amount of \$88,700 be awarded to John E. Green Company, Inc., of Lansing, Michigan, and that the following budget be established:

Contract - John E. Green Company, Inc.	\$ 88,700
Design Consultant	8,000
Coordination and Inspection	4,500
Contingency	8,800
Total	<u>\$110,000</u>

This project was estimated at \$150,000 by the Physical Plant Division in November 1984.

Funding for this project will be from the College of Business Discretionary funds in the amount of \$100,000 and the General Fund.

RESOLVED that the above contract be awarded and project budget be established as recommended.

Approved by a vote of 8 to 0 on motion by Trustee Dade, seconded by Trustee Lick.

(4) Owen Hall Alterations

The following bids were received on January 15, 1985, for Alterations in Owen Hall. This project provides for remodeling the serving and dining areas of Owen Hall to improve appearance. The project also replaces deteriorated ceramic tile showers in living quarters with fiberglass units and automates exterior building entrances to improve handicapper access.

Approved Owen  
Hall Alterations

<u>Bidder</u>	<u>Base Bid</u>
Hanel-Vance Construction Company	\$498,300
Hausman Construction Company	514,600
Nielsen Construction Company	547,100

Notification and/or plans and specifications were sent to the offices of Builders Exchange and Dodge Reports in Lansing. The following minority organizations were also notified: Inner City Business Improvement Forum, Michigan Minority Business Council, Association of Minority Contractors, and Greater Lansing Minority Association. No minority or women-owned businesses submitted bids.

The subcontracting goals for this project are five percent Minority Business Enterprises (MBE) and five percent Women Business Enterprises (WBE). The low bidder has certified that it will comply with the requirements. The MBE and WBE subcontracts will total approximately \$50,000.

continued - - -

15. C. BIDS AND CONTRACT AWARDS, cont.

It is recommended that a contract in the amount of \$498,300 be awarded to Hanel-Vance Construction Company of Lansing, Michigan, and that the following budget be established:

Contract - Hanel-Vance Construction Company	\$498,300
Design Consultant	25,000
Coordination and Inspection	12,300
Contingency	49,400
Total	<u>\$585,000</u>

This project was estimated at \$517,000 by the Physical Plant Division in January 1985.

Funding for this project will be from the Auxiliary Activities Fund.

RESOLVED that the above contract be awarded and project budget be established as recommended.

Approved by a vote of 8 to 0 on motion by Trustee Sawyer, seconded by Trustee Lick.

(5) Kellogg Center Alterations

The following bids were received on January 29, 1985, for the Second Part of the First Phase of Alterations in the Kellogg Center. This part of the project provides for remodeling the Auditorium, conversion of selected guest rooms into seventeen suites, and redecoration of the two conference rooms. This is a continuation of the ongoing Kellogg Center improvements, the first contract of which the Board of Trustees awarded in October 1984.

<u>Bidder</u>	<u>Base Bid</u>
The Christman Company	\$682,770
Moore Trospen Construction Company	792,682
Hausman Construction Company	805,700

The construction cost was estimated at \$679,000 by the Professional Services Contractor in September 1984.

Notification and/or plans and specifications were sent to the offices of the Construction Association of Michigan in Detroit, Builders Exchange in Kalamazoo, Grand Rapids, and Lansing, and Dodge Reports in Detroit, Kalamazoo, Grand Rapids, Flint, and Lansing. The following minority organizations were also notified: Inner City Business Improvement Forum, Michigan Minority Business Council, Association of Minority Contractors, and Greater Lansing Minority Association. No minority or women-owned businesses submitted bids.

The subcontracting goals for this project are five percent Minority Business Enterprises (MBE) and five percent Women Business Enterprises (WBE). The low bidder has certified that it will comply with the requirements. The MBE and WBE subcontracts will total approximately \$68,300.

It is recommended that a contract in the amount of \$682,770 be awarded to The Christman Company of Lansing, Michigan, and that the following budget be established:

Contract - The Christman Company	\$682,770
Professional Services - R. Calder & Associates	98,000
Furnishings and Equipment	50,000
Construction Inspection	10,200
Contingency	68,030
Total	<u>\$909,000</u>

Funding for this project will be from the Auxiliary Activities Fund.

RESOLVED that the above project be awarded and project budget be established as recommended.

Approved by a vote of 8 to 0 on motion by Trustee Owen, seconded by Trustee Sawyer.

(6) Liability Insurance Bids

The following bids were received January 10, 1985, for the purchase of General, Automotive and Umbrella liability insurance effective April 1, 1985.

<u>Bidder</u>		<u>Base Premium</u>
Marsh & McLennan (Hartford Insurance)		
General	\$1 million	\$382,128
Automotive	\$1 million	116,057
Umbrella	\$5 million	<u>125,000</u>
		\$623,185

continued - - -

Approved  
Kellogg Center  
Alterations --  
Second Part of  
First Phase

## 15. C. BIDS AND CONTRACT AWARDS, cont.

(6) Liability Insurance Bids, cont.

	<u>Bidder</u>		<u>Base Premium</u>
Approved Purchase of General, Automotive, and Umbrella Liability Insurance Effective April 1, 1985	Frank B. Hall (American Insurance Group)		
	General	\$1 million	\$250,000
	Automotive	\$1 million	\$286,700
	Umbrella	\$5 million	<u>\$ 75,000</u>
			\$611,700
	Alexander & Alexander (Insurance Co. of N. America)		
	General	\$1 million	\$273,934
	Automotive	\$1 million	152,500
	Umbrella	no quotation	<u>                    </u>
			\$426,434

Gallagher - quotation not responsive  
Entire quotation subject to  
placement of reinsurance.  
Premiums quoted were not  
firm prices.

The above quoted rates were limited to \$1,000,000 of primary coverage and \$5,000,000 of umbrella coverage. The selected excess liability agent will be authorized to negotiate an additional \$45,000,000 of umbrella liability insurance. This additional coverage is estimated to cost between \$75,000 and \$100,000. The bid specifications permit the University to accept or reject bids by type of coverage, i.e. the general liability bid from one agent can be combined with an automotive liability bid from another agent, etc.

Agent Qualification Questionnaires were mailed to 144 agencies including twenty-five which were minority-owned and three which were women-owned. The agencies included those who had responded to our advertisements, as well as other agencies which we believe would be qualified and interested in participating. Extensive efforts were made by our Insurance and Risk Management staff to assure that the mailing included representation of minority and women-owned firms. Eleven of these agencies completed the questionnaire expressing an interest in being considered for the bid process. None of the responding agencies were minority or women-owned firms.

The Wyatt Company, a risk management consultant, was engaged to assist and advise in the development of the specifications and the selection of the insurance carrier.

Because of the availability of automotive liability coverage through the State of Michigan at a rate substantially lower than any of the bids received, it is the recommendation of the consultant and the administration that all automotive liability bids be rejected.

It is further recommended that contracts be awarded as follows, effective April 1, 1985:

Alexander & Alexander (Insurance Company of North America)		
General Liability	\$1,000,000	\$273,934
State of Michigan (fleet policy)		
Automotive Liability	\$1,000,000	66,432
Frank B. Hall (American Insurance Group)		
Umbrella Liability	\$5,000,000	<u>75,000</u>
		<u>\$415,366</u>

The Alexander & Alexander general liability bid is recommended over Frank B. Hall's because the quotation from Frank B. Hall is based on a general/auto retroactive program that cannot be split and is subject to several years of loss adjustments.

The recommended insurance program affords comparable coverage to that which was provided in the expiring program, with the exception of exclusions for Athletic Participants and Police Professional Liability. The Insurance and Risk Management staff is attempting to secure Police Professional Liability coverage on a separate policy. It is the opinion of the consultant and the administration that loss of Athletic Participants coverage does not outweigh the cost to obtain such coverage.

It is further recommended that the administration be authorized to renew these policies annually until the next regularly scheduled bid date provided price and service are satisfactory.

RESOLVED that the above recommendation be approved.

Approved by a vote of 8 to 0 on motion by Trustee Owen, seconded by Trustee Lick.

## 15. D. OTHER ITEMS FOR ACTION

(1) Variable Rate Demand Student Fee Bond, Series 1984

When the variable rate demand bonds (Put Bonds) were approved by the Board at its October 20, 1984 meeting, the bond agreements permitted the interest rate to fluctuate between a minimum of 50% of the 90-day Treasury Bill rate and a maximum of 80% of that rate. The combination of declining Treasury Bill rates and heavy demand for tax-exempt financing has resulted in a temporary market aberration which requires a current price in excess of 80% of the Treasury Bill rate to make the bonds marketable.

As a result, the holders of the bonds have returned them to the University's remarketing agent, John Nuveen & Co. Incorporated, who is currently holding them for its own account. The remarketing agent, the Trustee (Citizens Trust), and the University's bond counsel (Dickinson, Wright, Moon, Van Dusen and Freeman) have all recommended that an amendment to the trust agreement be executed changing the limits to a minimum of 40% and a maximum of 90% as the Treasury Bill rate.

This amendment, which would have retroactive effect to the date of the issuance of the bonds, would permit remarketing of the bonds and avoid the necessity of calling upon the standby letter of credit. It is recommended that the enclosed Resolution authorizing the amendment to the bonds and trust agreement be adopted by the Board of Trustees.

The formal action considered by the Board will be to adopt the Resolution referenced above which in turn authorizes the administration to execute the appropriate contracts and consummate the transaction.

RESOLVED that the Resolution authorizing Amendment to Bonds and Trust Agreement be approved.

The resolution Authorizing Amendment to Bonds and Trust Agreement requests that the members of the Board and officers or employees of the University who solicited this financing or negotiated or represented the University must disclose that he or she is a director, officer or employee or stockholder owning more than one share of stock of Citizens Trust, Comerica Bank of Detroit or John Nuveen & Co. Incorporated, directly or indirectly; or that he or she had a direct or indirect interest in said financing.

A roll call vote was called by Secretary Wilkinson and the following Trustees voted Yes on the motion and None on financial interest: Trustees Dade, Lick, Pridgeon, Reed, Sawyer, Wilbur, and Wilson. Motion Carried.

Trustee Owen abstained from voting and disclosed that he is a partner in the law firm of Miller, Canfield, Paddock and Stone, counsel to Comerica Bank of Detroit, and that he became a member of the Board subsequent to the time the Bank was requested by the Board to provide the liquidity protection for the Bonds.

The following officers voted None indicating no financial interest in this transaction: President Mackey, Assistant Vice President Terry, and Secretary Wilkinson.

(2) Establishment of a Fund Functioning as Endowment

It is recommended that the following fund functioning as endowment be established and placed in the University's Common Investment Fund:

College of Veterinary Medicine --  
The purpose of this fund is to invest some of the gifts contributed to the College. The income will be spent at the discretion of the Dean.

RESOLVED that the above recommendation be approved.

Approved by a vote of 8 to 0 on motion by Trustee Reed, seconded by Trustee Sawyer.

16. REPORTS TO THE BOARDA. Board Committee Reports(1) Land and Physical Facilities

Trustee Lick reported that the members of the Land and Physical Facilities Committee at their meeting this morning approved the following actions:

- (a) Approved the suggested selling prices of certain parcels of land on Pine Tree Road.

Approved by a vote of 8 to 0 on motion by Trustee Owen, seconded by Trustee Reed.

Approved  
Amendment to  
Bonds and  
Trust  
Agreement

Approved  
Establishment of  
Fund Functioning  
as Endowment for  
College of  
Veterinary  
Medicine

Land and  
Physical  
Facilities  
Committee:

Approved Selling  
Prices - Parcels  
of Land on Pine  
Tree Road

16. REPORTS TO THE BOARD, cont.A. Board Committee Reports, cont.

- (1) Land and Physical Facilities, cont.
- (b) Approved the lease of an additional 2.0 acres of land for expansion of the Michigan State University Federal Credit Union.

Approved by a vote of 8 to 0 on motion by Trustee Owen, Seconded by Trustee Sawyer.

- (c) Approved a buy-out of the interest of the Mancelona Chamber of Commerce in the Mancelona property.

Approved by a vote of 8 to 0 on motion by Trustee Owen, seconded by Trustee Dade.

B. President's Report

President Mackey stated that the next Board of Trustees meeting will be April 4, 1985.

At the request of President Mackey, Provost Winder reported on the Governor's Commission on the Future of Higher Education in Michigan.

Dr. Winder stated that he feels the report issued by the Commission comes at a very important time in the history of Michigan higher education. He reflected that, historically in Michigan, the public four-year colleges and universities were well supported when compared to peer institutions in other States. If one uses an index such as the dollars appropriated for higher education per \$1,000 of personal income as a measure of support, Michigan traditionally placed nationally in a range between 8th to 18th place among the 50 States. In recent years, there has been a continuing decline in the position held by Michigan among the States. Michigan reached the point where the dollars per index ranked Michigan 38th among the 50 States in level of support. Over a 10-year period, the increase in State appropriations for public colleges and universities in Michigan was 50th -- last among the 50 States. Dr. Winder said that we have a situation where underfunding continues to be serious for higher education in Michigan. In most recent years, the enactment of the increase in the State income tax, an improvement in the economy of the State, and a shift in priorities have resulted in an increase in support for higher education. The level of support was reviewed with the Board of Trustees this morning during the discussion of the Governor's 1985-86 budget recommendations.

On the issue of quality, Michigan higher education has enjoyed an excellent reputation. In its evaluation, the Commission concluded that the quality of higher education in Michigan is in jeopardy and that the high level of fees and tuition threatens to curtail access to higher education by qualified Michigan students. The Commission asserted that if nothing is done, Michigan will end up with higher education in which mediocrity is coupled with inaccessibility. The Commission then proceeded to develop a number of recommendations. It noted that the restoration of Michigan's higher educational greatness is a monumental task.

Dr. Winder stated that, to him, the most important recommendation of the Commission is that, as a matter of public policy, there should be a differentiation among the four-year public colleges and universities in terms of role and mission. Specifically, in this State there should be recognition that research universities have special responsibilities, special importance, and special capabilities with regard to both the quality of life in the State and economic strength and diversification. The Commission concludes that we have reached the time when the research universities must be recognized as such, and that they must be the recipients of funding which will make them competitive on the national scene. Dr. Winder said that for Michigan State University our reference group for such competition would be land-grant institutions which are also members of the Association of American Universities.

There are a number of other principles which are reflected in the Commission's Report which can be summarized as follows: A major objective in this State should be the quality of higher education; cost containment should also be an objective as well as accessibility, especially for women, minorities, and handicappers; and the educational system should produce graduates of high competence. The operation of the system and funding should be on a priority basis. The objective of economic development should be a major objective in the operation of higher education. The support of research and economic development as recommended by the Commission has been reflected in the Governor's recommended budget for fiscal 1985-86 which includes a \$25 million research excellence fund. The Commission takes the position that capital outlay priorities for higher education should be established to fund specialized facilities. It should be noted that the Governor's 1985-86 capital outlay recommendations are all projects recommended in the Commission's Report.

continued - - -

Land and  
Physical  
Facilities  
Committee:

Approved Lease  
of 2.0 Acres  
for Federal  
Credit Union  
Expansion

Approved Buy-  
Out of Interest  
of Mancelona  
Chamber of  
Commerce in  
Property

Governor's  
Commission on  
Future of  
Higher  
Education in  
Michigan Report

Minutes of the Meeting, cont.

February 8, 1985

16. REPORTS TO THE BOARD, cont.

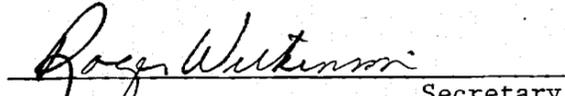
B. President's Report, cont.

In the Executive Budget Message, the Governor has endorsed the Commission's recommendation for the development of a new funding formula for the distribution of State resources among Michigan's 15 four-year public colleges and universities to reflect their designated roles and missions in the years ahead.

In summary, the Commission recommends that Michigan must proceed very differently in the future by establishing goals and objectives for higher education in terms of roles and missions of the several colleges and universities, and in terms of the level of support necessary in order for higher education to have a bright future in the State. Dr. Winder stated that he felt this was a very encouraging result of the deliberations of a Commission made up of a group of distinguished citizens of the State who have studied the situation carefully.

Adjourned at 2:44 p.m.

  
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President

  
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Secretary