

MINUTES OF THE MEETING  
of the  
MICHIGAN STATE UNIVERSITY  
BOARD OF TRUSTEES  
October 13-14, 1983

President Mackey called the meeting to order in the Lincoln Room of the Kellogg Center at 7:18 p.m., October 13.

Present: Trustees Crim, Dade, Fletcher, Lick (arrived at 7:53 p.m.), Martin, Reed, Sawyer, and Wilson; President Mackey, Provost Winder, Vice Presidents Breslin, Cantlon, Schonbein, Stewart and Turner; Associate Vice President and Secretary Wilkinson, General Counsel Carr, Assistant to the President Carlisle, and Faculty Liaison Group. Also present were Dr. James Hamilton, Assistant Provost, Dr. William Turner, Director of Admissions, and Dr. Robert Lockhart, Director of Planning and Budgets. Thompson

1. Approval of Proposed Agenda

Trustee Sawyer moved approval of the proposed agenda. Seconded by Trustee Martin. Trustee Fletcher requested that Item 9. D. 5., MAGB Assessment, be considered prior to action on the 1983-84 budget. Trustee Fletcher also requested that two additional items be added to the agenda: Item 9. D. 6., Updating of the Board of Trustees Bylaws, and Item 9. D. 7., Delegation of the Acceptance of Gifts and Grants. The agenda was approved as amended by a vote of 7 to 0.

2. Approval of the July 28-29, 1983, Minutes

Trustee Fletcher moved approval of the July 28-29, 1983, Minutes. Seconded by Trustee Reed. Approved by a vote of 7 to 0.

3. Approval of the September 7, 1983, Executive Session

Trustee Fletcher moved approval of the September 7, 1983, Executive Session Minutes. Seconded by Trustee Reed. Approved by a vote of 7 to 0.

4. Admissions Report

President Mackey called upon Provost Winder, who introduced Dr. James Hamilton, Assistant Provost, and Dr. William Turner, Director of Admissions. Dr. Turner reported to the Board the new student count for the 1983 fall term and also presented fall term enrollment data. Dr. Turner also commented on the quality of the freshman class and summarized minority enrollment figures. He described the approach of the admissions process for the Board of Trustees.

Admissions  
Report

5. 1983-84 Budgets

Vice President Thompson summarized the 1983-84 proposed budgets for the General Fund, Agricultural Experiment Station, Cooperative Extension Service, and Intercollegiate Athletics programs (copy of proposed budgets on file in the Secretary's Office). Vice President Thompson stated that the budgets were developed following the guidelines approved by the Board of Trustees at its July 29 meeting, which included the forward funding concept relating to State appropriations. Vice President Thompson, Provost Winder, and Dr. Lockhart responded to several Trustee questions regarding the proposed budgets.

1983-84  
Budgets

6. 1984-85 Operating Budget Requests

Dr. Lockhart presented the 1984-85 operational budget requests for the General Fund, Agricultural Experiment Station, and Cooperative Extension Service programs (copy of materials on file in the Secretary's Office).

1984-85  
Operating  
Budget  
Requests

7. 1984-85 Capital Outlay Request

Vice President Breslin reviewed the 1984-85 capital outlay request (copy of material on file in the Secretary's Office). He also summarized the capital outlay activity for the past several years.

1984-85 Capital  
Outlay Request

8. Annual Reports

President Mackey commented that pursuant to the annual working calendar, the Board of Trustees received annual reports from the following areas: Student Affairs and Services, Financial Aids, Placement Services, Intercollegiate Athletics, and Gifts and Grant and Research Development (copy of reports on file in the Secretary's Office). President Mackey stated that appropriate staff persons were available to answer Trustee questions concerning these reports. Vice President Cantlon and Directors Jack Shingleton and Douglas Weaver responded to Trustee questions regarding their reports.

Annual Reports

The Board recessed at 10:17 p.m.

The Board reconvened at 9:14 a.m. in Room 104 A & B of the Kellogg Center, October 14, for Board Committee meetings. The Land and Physical Facilities Committee, followed by the Investment Committee met during this period.

The Board reconvened for its Action Session at 1:13 p.m. in the Board Room, Administration Building.

At the request of President Mackey, Professor Milton H. Steinmueller (attending the meeting in the absence of Professor Lawrence Sommers), introduced the members of the Faculty Liaison Group for 1983-84 to the Board of Trustees as follows: Assistant Professor Paul Hunt, Professor Zolton Ferency, and Associate Professor Norman Abeles.

At the request of President Mackey, the members of the Student Liaison Group introduced themselves to the Board as follows: Ron Tenpas, Dan Selke, Steven Price, and Jeff Stevenson.

9. Public Comments

- (a) Vickie Fine, member of the Board of Directors of PIRGIM, MSU, addressed the Board regarding guidelines for fee collection for student organizations (a copy of her presentation is on file in the Secretary's Office).
- (b) Wayne Schmidt, staff ecologist, Michigan United Conservation Clubs, requested the Board to amend Ordinance 49 which makes fishing on campus illegal (a copy of his remarks are on file in the Secretary's Office).
- (c) Dave Beauvais, representative of Residence Halls Association, appealed to the Board for an ordinance regulating the time, place, and manner available to those individuals desiring contact with residence hall students for solicitation purposes (a copy of his remarks are on file in the Secretary's Office).
- (d) Carl Steffen, advisor to Campus Christians Student Organization, expressed to the Board that he would like to continue distributing literature in dormitories on campus, and indicated that if individuals were not desirous of this they should affix a sign on their door indicating same.
- (e) Mark Grebner, alumnus, addressed the issue of distribution of literature and canvassing in the Residence Halls.

9. A. PERSONNEL CHANGES

Appointments

1. Barbara R. Lee, Professor and Chairperson, Family Medicine, with tenure, at a salary of \$80,000 per year on an AN basis, effective September 1, 1983.
2. Marvin E. Olsen, Professor and Chairperson, Sociology, with tenure, at a salary of \$55,000 per year on an AN basis, effective January 1, 1984.

These personnel actions came to the Board for approval of the appointments as Professor with tenure. The Board, in February 1982, delegated to the President authority to approve assignments and reassignments, which includes assignment to and reassignment from the administrative position.

Approved by a vote of 7 to 0 on motion by Trustee Sawyer, seconded by Trustee Lick. Trustee Fletcher voted No.

9. B. GIFT, GRANT AND CONTRACT REPORT

Gifts and Grants totaled: \$13,155,131.

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

9. C. BIDS AND CONTRACT AWARDS

(1) Property Insurance Bids

In accordance with bidding procedures and specifications previously submitted to the Board of Trustees competitive bids were received September 15, 1983, for the University's property insurance program for a three-year period effective November 1, 1983, with a three-year extension option if price and service are satisfactory.

Qualifying questionnaires were mailed to those agents and companies who had previously expressed interest in the University's insurance program and those who responded to advertisements, as well as other agencies and companies we believed would be qualified and interested in participating. Markets were then assigned and specifications were prepared and mailed to those participating.

Faculty  
Liaison Group

Public  
Comments

Personnel  
Changes

Appointments

Gift, Grant  
and Contract  
Report

Bids and  
Contract Awards

Property  
Insurance Bids

9. C. BIDS AND CONTRACT AWARDS

October 13-14, 1983

(1) Property Insurance Bids, cont.

Property Insurance Bids

Twelve agencies and companies presented proposals containing various options of deductibles, policy limits and coverage. They are as follows:

	<u>Deductible</u> \$25,000	<u>Deductible</u> \$50,000	<u>Deductible</u> \$100,000	<u>Deductible</u> \$250,000
Alexander & Alexander (Aetna)	\$224,871*	\$209,671*	NQ	NQ
Fred S. James & Co. (Commerce & Industry)	NQ	NQ	\$191,163**	NQ
Marsh & McLennan (Protection Mutual)	231,000***	NQ	213,950	NQ
Lupke-DeHayes Assoc. (U.S. Fire)	NQ	NQ	215,000****	NQ
Wausau Insurance Companies	NQ	NQ	237,269	NQ
Arthur J. Gallagher & Co. (Allianz)	NQ	NQ	241,000	\$214,496
Liberty Mutual Insurance Co.	310,776	282,899	252,957	192,041
Johnson & Higgins (Travelers)	330,290	289,508	274,189	193,341
Arthur J. Gallagher (Hartford)	NQ	313,684	284,703	217,787
Michigan Mutual Insurance Co. (IRM)	NQ	NQ	324,521*	NQ
Frank B. Hall & Co. (Home)	NQ	NQ	325,543	230,348
Braun & Braun, Inc. (CIGNA)	NQ	NQ	412,271*	NQ
Corroon & Black of MI, Inc. (Amer.)	NQ	NQ	694,838*	611,742*

\* 60-day waiting period on Boiler & Machinery Extra Expense coverage.

\*\* 30-day waiting period on Boiler & Machinery Extra Expense coverage.

\*\*\* Deductible applies separately to property/time element with \$50,000 maximum.

\*\*\*\*Deductible applies separately to property and boiler losses.

Basic intent of the bidding procedure was to replace current coverage which is All Risk, Replacement Cost with \$100,000 per occurrence deductible. Quotation for various deductible levels was, however, also requested. According to specifications, the University reserved the right to determine the best coverage and price as a basis of the award.

The method used in evaluating the bids was to compare the scope of coverage and cost at the \$100,000 deductible level. Coverage at other deductible levels was then compared to this base level. The Wyatt Co., an independent consultant, was engaged to assist in this evaluation and its report has been distributed with the agenda.

Extensive affirmative action efforts were made to identify minority and women-owned agencies. Twenty-five minority and three women-owned agencies were identified and invited to submit agent qualification questionnaires. One minority firm expressed interest, was qualified and assigned the market of its first choice, but did not submit a bid.

As concluded by the consultant, the \$25,000 deductible level bid proposal from the Protection Mutual Insurance Company offered through the Marsh & McLennan Agency provides the broadest coverage at the most favorable rate, and it is recommended that this bid be accepted.

RESOLVED that the above recommendation be approved.

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

(2) Construction of a Dairy Barn

Construction of Dairy Barn

The following bids were received on September 1, 1983, for construction of a Dairy Barn at the Dairy Research Center. This facility will provide both "loose stall" housing for 136 cows used for research, teaching and demonstration purposes. This is a continuation of the expansion and improvement program at the Dairy Research Center approved by the Board of Trustees at its April 1983 meeting.

<u>Contractor</u>	<u>Base Bid</u>
McNeilly Construction, Inc.	\$538,847
Irish Construction Company, Inc.	565,700
The Post Building & Supply Co.	567,845
B. J. Siwek Construction Company	587,600

Notification and/or plans and specifications were sent to all offices of Builders Exchange and Dodge Reports plus the Association of Minority Contractors, Inner City Business Improvement Forum, Greater Lansing Minority Association, and Michigan Minority Business Development Council.

The subcontracting goals for Minority Business Enterprises (MBE) and Women Business Enterprises (WBE) were 8% and 5% respectively. The low bidder, McNeilly Construction, Inc., has indicated that they will comply with this requirement. This will result in approximately \$70,050 in business being awarded to MBE and WBE firms.

continued - - -

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

October 13-14, 1983

(2) Construction of a Dairy Barn, cont.

It is recommended that a contract in the amount of \$538,847 be awarded to McNeilly Construction, Inc., of Lansing, Michigan, and that the following budget be established:

Contractor - McNeilly Construction, Inc.	\$538,847
Design, Coordination and Inspection	32,500
Geological Survey	1,200
Contingency	<u>35,453</u>
Total	\$608,000

The estimate for this project was \$600,000 in August 1983.

This project will be funded by an internal loan as approved by the Board of Trustees in April 1983. This loan is being repaid from the Agricultural Experiment Station in the amount of \$1,185,000 with the balance from the General Fund of the College of Agriculture and Natural Resources and the Alterations and Improvements Account. The repayment schedule calls for liquidation of the loan by June 30, 1987.

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 Reed, seconded by Trustee Wilson.

D. OTHER ITEMS FOR ACTION(1) MAGB Assessment

The Michigan Association of Governing Boards has issued an invoice to the University in the amount of \$6,163 representing its share of the 1983-84 assessment. Direction as to disposition of this assessment should be provided by the Board of Trustees.

Approved by a vote of 7 to 1 on motion by Trustee Sawyer, seconded by Trustee Wilson. Trustee Fletcher voted No.

(2) 1983-84 Budgets

The materials relating to the 1983-84 budgets have been developed in accordance with the guidelines approved at the July meeting and distributed with the agenda.

RESOLVED that the recommended 1983-84 General Fund, Agricultural Experiment Station, Cooperative Extension Service and Intercollegiate Athletics budgets be approved as submitted.

Approved by a vote of 6 to 2 on motion by Trustee Sawyer, seconded by Trustee Lick. Trustees Martin and Fletcher voted No.

(3) 1984-85 Budget Requesta. Operating

The proposed 1984-85 operating budget requests for the University General Fund, the Agricultural Experiment Station and the Cooperative Extension Service were distributed with the agenda.

RESOLVED that the proposed 1984-85 operating budget requests be approved.

Approved by a vote of 5 to 3 motion by Trustee Lick, seconded by Trustee Wilson. Trustees Fletcher, Martin and Reed voted No.

b. Capital Outlay

The proposed 1984-85 capital outlay request was distributed with the agenda.

RESOLVED that the proposed 1984-85 capital outlay budget request be approved.

Approved by a vote of 7 to 1 on motion by Trustee Crim, seconded by Trustee Reed. Trustee Fletcher voted No.

Other Items  
for Action

MAGB Assessment

1983-84 Budgets

1984-85 Budget  
Request

Operating

Capital Outlay

D. OTHER ITEMS FOR ACTION, cont.

October 13-14, 1983

(4) Establishment of Funds Functioning as an Endowment

Est. Funds  
as Endowment

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

- a. Louis Sudler Prize in the Arts -- The purpose of this fund is to honor Mr. Sudler's lifelong commitment to the creative arts. The income will be used for an award to a senior with outstanding achievement in an area of the arts (performing, plastic, linguistic or electronic/photographic). Gifts received for this fund amounted to \$25,211.
- b. Latin American Studies Center -- The purpose of this fund is to invest funds contributed for the benefit of the Latin American Studies Center. The income will be used for undergraduate and graduate study in Latin America. Gifts received for this fund amounted to \$10,099.
- c. The University Museum -- The purpose of this fund is to invest the donations and accumulated interest received in support of the Museum Building Fund portion of the Enrichment Program. The income will be disbursed at the discretion of the Museum Director and the appropriate Vice President. The corpus will only be invaded for Museum construction or major alteration. Accumulated value as of June 30, 1983, was \$432,665.
- d. Hagen Bashian Trust -- The purpose of this fund is to invest the \$110,799.79 received from the Hagen Bashian Estate and Trust. The income will be used for agricultural research and agricultural scholarships based on need.

Louis Sudler  
Prize in the  
Arts

Latin American  
Studies Center

University  
Museum

Hagen Bashian  
Trust

RESOLVED that the above recommendations be approved.

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

(5) Board of Trustees' Meeting Dates

Board Meeting  
Dates

<u>1984</u>	<u>1985</u>
February 2-3	February 7-8
April 5-6	April 4-5
June 7-8	June 6-7
July 26-27	July 25-26
October 4-5	October 3-4
November 29-30	December 5-6

RESOLVED that the above Board meeting dates be approved.

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

(6) Review of Board of Trustees Bylaws

Review of  
Trustee Bylaws

Trustee Fletcher commented that there is an overlap between the Board of Trustees Bylaws and the Draft Policy Manual. It was moved by Trustee Fletcher, seconded by Trustee Dade, that these overlapping items be reviewed by the Administration and that a document be prepared for Board review at its December 1-2 meeting.

Approved by a vote of 8 to 0.

(7) Gift and Grant Procedures

Gift and  
Grant Procedure

Trustee Fletcher requested that, consistent with streamlining the meetings of the Board of Trustees, the Administration review the gift and grant items which come before the Board for acceptance with the purpose of either eliminating or consolidating the number of items so that the Board could deal with more substantive matters relating to this area.

President Mackey agreed that the Administration would review different approaches in this area and report back to the Board at its December 1-2 meeting.

10. REPORTS TO THE BOARD

October 13-14, 1983

Board  
Committee  
MeetingsLand and  
Physical  
FacilitiesInvestment  
CommitteeAudit  
CommitteePresident's  
ReportCourse Fee  
Courtesy PolicyA. Board Committee Reports(1) Land and Physical Facilities Committee

The Committee at their meeting this morning authorized the purchase of a parcel of land 360 feet x 214 feet directly south of the current University facility on Jolly Road at a purchase price of \$50,000.

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

(2) Investment Committee

The Committee reviewed the proposed sale of the Michigan Bell building in Wayne, Michigan, which is owned by MSU's Retirement Fund. The Committee heard a report on performance of the University's investment portfolio from representatives of Cambridge Associates, the Board's investment consultants.

The Committee also heard a presentation on real estate investment alternatives from a representative of JMB Institutional Realty Corporation. Following this presentation and discussion with Cambridge representatives, the Committee recommends the following resolutions to the Board for approval.

RESOLVED that the Administration is authorized to invest \$1.5 million in Endowment and Foundation Realty, Ltd.--JMB-11.

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

RESOLVED that the asset allocation guidelines of the common investment fund are amended to permit investment of up to 5 percent of the fund in alternative real estate investments.

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

(3) Audit Committee

The Committee held a special meeting, September 7, 1983, to review the University's financial statements for the year ending June 30, 1983, with the Board's auditors, Arthur Young & Company. The entire meeting was devoted to this subject, and the statements were reviewed in detail.

At the conclusion of the session, the Committee voted to recommend to the Board that the financial statements be accepted as presented.

Approved by a vote of 7 to 1 on motion by Trustee Wilson, seconded by Trustee Reed. Trustee Fletcher voted No.

B. President's Report

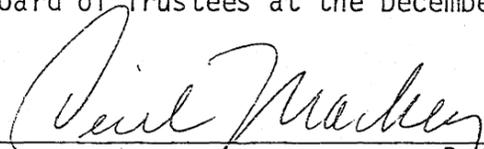
At the request of President Mackey, Provost Winder commented on the Course Fee Courtesy Policy.

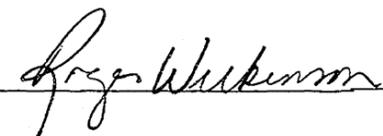
Dr. Winder stated that the Course Fee Courtesy Policy consists of the credit for one half of the applicable undergraduate course fees for dependent children and spouses of eligible faculty and staff enrolled in curricula leading to a baccalaureate degree or to a certificate in the Agricultural Technology Program.

The Course Fee Courtesy Policy was originated out of a recommendation from the University Committee on Faculty Affairs in June 1982. In July 1982, the Board authorized this program for a period of two years. It has since been extended to AP staff, and surviving dependent children and spouses of deceased faculty and staff members who would have been eligible at the time of their death. There is a proposal to extend this policy to CT staff.

Dr. Winder stated that currently the Administration is in the midst of studies of utilization and attitude in consultation with the University Committee on Faculty Affairs and the Council of Deans on the effectiveness of the program. Dr. Winder plans to make a recommendation on continuation of the Course Fee Courtesy Policy for consideration by the Board of Trustees at the December 1983 meeting of the Board.

Adjourned at 2:37 p.m.

  
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President

  
\_\_\_\_\_  
Secretary