

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

February 15, 2000

The Trustee Finance Committee and Trustee Policy Committee meetings were held in the Board Room of the Administration Building beginning at 8:00 a.m. on Tuesday, February 15, 2000. Minutes of the meetings are on file in the Office of the Secretary of the Board of Trustees.

President McPherson called the meeting of the Board of Trustees to order at 9:02 a.m. in the Board Room.

Trustees present: Dolores M. Cook, Joel Ferguson, Dorothy Gonzales, Colleen McNamara, Donald W. Nugent, David L. Porteous, and Bob Traxler. Trustee absent: Robert E. Weiss.

University officers present: President McPherson, Provost Simon, Vice President Poston, Secretary Pogel, Vice President and General Counsel Noto, Vice Presidents Denbow, Greenleaf, Huggett, June, Webb, and Webster, Senior Advisor and Director Russell, and Executive Director Williams. Faculty Liaisons present: Norman Abeles, Robb Clarke, Joanne Keith, and Daniel Kruger. Student Liaisons present: Charles McHugh, Frank Montabon, Bindi Patel, and Michael Webber.

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

1. On a motion by Mr. Traxler, supported by Ms. McNamara, **THE BOARD VOTED to approve** the agenda.
2. On a motion by Mr. Traxler, supported by Ms. McNamara, **THE BOARD VOTED to approve** the minutes of December 10, 1999.
3. President's Report
 - A. President McPherson commented on the activities of the previous Saturday which included a donor reception prior to an athletic event that Muhammad Ali attended as a special guest. The day concluded with the premiere of the extraordinary symphony commissioned by Dorothy and Jack Withrow. The President said the day had reflected the panorama of activities in which the University is engaged.
 - B. President McPherson welcomed Bindi Patel, a James Madison sophomore, and the new Student Liaison at-large member.
 - C. President McPherson said he looked forward to presenting the State of the University address that afternoon.

4. Guiding Principles

Vice President Greenleaf reported that he, Dr. Pogel, and Dr. Hesse had participated in a series of meetings with the leadership of MSU's eight unions. He said there were a number of good ideas that revolved around *The Promise* that related to the University being a more diverse and connected community and the Guiding Principle "People Matter." Mr. Greenleaf said the discussions were a good illustration that the labor organizations at MSU are a vital aspect of the institution and they are extremely interested in such matters as *The Guiding Principles* and *The Promise*.

5. Public Participation on Issues Germane to Agenda

There were no requests to address the Board of Trustees on issues germane to the agenda.

6. Personnel Actions

Provost Simon presented the academic appointment recommendations. Vice President Huggett commented on the significance of the appointment of Dr. Della Penna.

A. Appointments

- 1) Choi, Jay Pil, AY-Professor, Department of Economics, \$110,000, with Tenure, effective January 1, 2000.
- 2) Della Penna, Dean, AY-Associate Professor, Department of Biochemistry, \$82,000, with Tenure, effective April 1, 2000.

B. Other Personnel Action

The Other Personnel Action was presented by Vice President Poston.

It was recommended that an Executive Management position titled Director of Land Management be established effective February 15, 2000.

Further, it was recommended that appointment approval and approval for all other personnel actions related to this position be delegated to the Vice President for Finance and Operations and Treasurer.

On a motion by Mr. Nugent, supported by Ms. Cook, **THE BOARD VOTED to approve** the recommendations.

C. Information Reports

Information Reports of Academic Personnel Actions of November 30, 1999 and December 31, 1999 were distributed with the Board Agenda. The reports have been included with the agenda materials in the Office of the Secretary of the Board of Trustees.

7. Gift, Grant and Contract Report

Vice President Huggett presented the Gift, Grant and Contract Report for the period of November 23, 1999 through January 19, 2000. The report is a compilation of 259 Gifts, Grants and Contracts, 54 Consignment/Non-Cash Gifts, and no Consignment/Non-Cash Loans, with a total value of \$41,432,644.33. The Gift, Grant and Contract Report is included with the agenda materials in the Office of the Secretary of the Board of Trustees.

On a motion by Ms. McNamara, supported by Mr. Nugent, **THE BOARD VOTED to approve** the Gift, Grant and Contract Report.

8. The Trustee Finance Committee report and recommendations were presented by Committee Chairperson Nugent.

A. Bids and Contract Awards

- 1) It was recommended to award a contract in the amount of \$926,600 to Kares Construction Co., Inc., of Lansing, Michigan, and to establish a budget in the amount of \$2,600,000 for the project entitled: Campus Fiber Optic System Phase VII.
- 2) It was recommended to award a contract in the amount of \$834,032 to Millar Elevator Service Co., of Lansing, Michigan, and to establish a budget in the amount of \$1,025,000 for the project entitled: Case Hall -Repair Elevators.
- 3) It was recommended to award a contract in the amount of \$459,000 to G. H. Ross Contractors, LLC, of Williamston, Michigan, and to establish a budget in the amount of \$530,000 for the project entitled: Chemistry Building - Upgrade Lecture Wing Exhaust System.
- 4) It was recommended to award a contract in the amount of \$338,800 to Moore Trosper Construction Company, of Holt, Michigan, and to establish a budget in the amount of \$625,000 for the project entitled: Engineering Building - Alterations in Room 1345.
- 5) It was recommended to award a contract in the amount of \$762,032 to Millar Elevator Service Co., Lansing, Michigan, and to establish a budget in the amount of \$945,000 for the project entitled: McDonel Hall - Repair Elevators.
- 6) It was recommended to award a contract in the amount of \$212,782 to Vassar Building Center, Inc., of Vassar, Michigan, and to establish a budget in the amount of \$248,000 for the project entitled: Pavilion - Construct Horse Stall Barn.
- 7) It was recommended to award a contract in the amount of \$339,626

to Stephenson & Son's Roofing, Inc., of Burton, Michigan, and to establish a budget in the amount of \$435,000 for the project entitled: Veterinary Medical Center - Replace Deteriorating Roofs.

On a motion by Mr. Nugent, supported by Mr. Porteous, **THE BOARD VOTED to approve** the Bids and Contract Awards. Mr. Porteous commented that all bids accepted were the low bids.

Dr. Roy Simon commented on the progress of the Campus Fiber Optic System project. Chairperson Traxler thanked the administration and staff for their efforts and planning for this project. He said it speaks well for the technological grant MSU received from the State.

B. Establishment of Fund Functioning as Endowment

It was recommended to permit the College of Human Medicine to liquidate \$90,000 in the Ruth McIlroy Fund - Oncology Research Account to support the purchase of equipment for the Genomics Technologies Analytical Facility.

On a motion by Mr. Nugent, supported by Mr. Porteous, **THE BOARD VOTED to approve** the recommendation.

C. Appointment of External Auditors

It was recommended to appoint KPMG as the University's auditors for the 1999-2000 fiscal year at a fee of \$210,000 with the expectation that they receive annual reappointment as auditors for a total of six years, provided service, price, terms, and conditions are satisfactory.

On a motion by Mr. Nugent, supported by Ms. McNamara, **THE BOARD VOTED to approve** the recommendation.

D. Pharmacia and Upjohn Gift - Brook Lodge

It was recommended to accept a gift from Pharmacia and Upjohn including approximately 637 acres of land and buildings located in Ross Township, Kalamazoo County, Michigan.

On a motion by Mr. Nugent, supported by Mr. Porteous, **THE BOARD VOTED to approve** the recommendation.

A video was presented of the Brook Lodge properties. Mr. David Gift introduced Ms. Louise Kenny and Mr. Steve Aschleman, representatives of Pharmacia and Upjohn. Mr. Aschleman commented that he is pleased that Michigan State is the recipient of Brook Lodge because it will compliment many current MSU activities and continue to fulfill their mission to maintain it as a conference center for residents of southwest Michigan. Mr. Aschleman said he is confident that the beauty, uniqueness, and heritage of Brook Lodge will be maintained by Michigan State as the property is utilized.

President McPherson remarked that the University appreciated the gift as well as the opportunity to be involved in preserving the heritage of this wonderful facility. Mr. David Gift, Dr. Russell Mawby, and Dr. John Welser were

recognized for their part in facilitating this gift to Michigan State.

E. Bond Resolution: Series 2000

It was recommended to approve a resolution authorizing a general revenue bond financing and any related bank liquidity facility. The Resolution is included with the agenda materials in the Office of the Secretary of the Board of Trustees.

On a motion by Mr. Nugent, supported by Mr. Porteous, a **ROLL CALL VOTE** was conducted by Secretary Pogel. **THE BOARD VOTED unanimously to approve** the recommendation.

Committee Chairperson Nugent commented on the significance of the bonding resolution. He said it will allow the University to fund the remodeling, construction, and repairs of major capital assets at a relatively reasonable interest rate for the next several years. Mr. Nugent emphasized that each project must be approved, prioritized and acted upon as they come along. Mr. Nugent complimented Mr. Steve Flowers for his excellent job in preparing the information for the Board.

Trustee Porteous remarked that in over 20 plus years in law practice he had dealt with countless bond projects, and this was the most thorough background, review, and evaluation of all of the options available to the University that he had experienced. He said it is one of the most significant financial decisions that the Finance Committee and the Board will make, and he complimented President McPherson, Vice President Poston, and Mr. Steve Flowers for their exceptional work on this project.

President McPherson commented that the projects listed will have to be individually approved and the revenue flow for payment of those projects will be established project-by-project. He said a substantial amount of relatively short term money would be put into longer term investments, and it would be done quarter-by-quarter over a two-year period. President McPherson said this bond resolution was a very sound, financially sophisticated approach to handling the University's future. The President said he appreciated the comments made concerning this recommendation.

Mr. Steve Flowers commented on the presently anticipated structure of the transaction. He said the bonds would be variable rate demand bonds similar to those issued in 1998. They will be short-term interest rate instruments, which will have a bank liquidity facility to serve as a liquidity backstop as opposed to keeping extra cash on hand which is what was done in 1998. This resolution will allow the University not only to put this bank arrangement in place for the new issue, but also for the portion of the 1998 bonds that are being backstopped with cash. That will free that cash to be used for other purposes.

9. Trustee Policy Committee

The Trustee Policy Committee report and recommendations were presented by Committee Chairperson McNamara.

A. Establishment of the Department of Neurology and Ophthalmology

It was recommended that a new Department of Neurology and Ophthalmology be established effective July 1, 2000, on a time-limited basis for ten years with a review of the effectiveness of the organizational structure at the end of four and nine years.

On a motion by Ms. McNamara, supported by Ms. Gonzales, **THE BOARD VOTED to approve** the resolution.

B. Computer Policy for New Undergraduate Students Entering Fall 2001 and Beyond

It was recommended that the Board of Trustees approve a computer policy under which 1) all undergraduate students who matriculate with less than sophomore standing during or after Fall 2001 will be expected to equip themselves with a computer that can be attached to the Internet at appropriate speeds, and 2) all undergraduate students who matriculate with more than sophomore standing during or after Fall 2003 will be expected to equip themselves with a computer that can be attached to the Internet at appropriate speeds.

In establishing this policy, the Board understands that the current standard for Internet connectivity is speeds of at least 10 million bits per second (which represents Ethernet direct connection speeds). The Board delegates to the administration the authority to update this policy on an on-going basis to reflect emerging technology. The Provost will provide reports of such changes to the Trustee Policy Committee.

On a motion by Ms. McNamara, supported by Mr. Traxler, **THE BOARD VOTED to approve** the resolution.

C. Draft 2020 Vision Resolution

Vice President Poston presented the Draft 2020 Vision resolution and introduced Mr. Jeff Kacos who reported extensively on the master plan that will guide Michigan State into the future. The draft resolution was discussed and it is expected to be considered at a special Board meeting in March.

Chairperson Traxler thanked the administration for their foresight.

10. Chairperson's Report and Trustees' Comments

A. Chairperson's Report

Chairperson Traxler commented that the University is positively moving

forward at a fast pace with successful athletic programs, the establishment of public art, new buildings, and the 2020 Vision resolution. Mr. Traxler said he is delighted with President McPherson's leadership and the support that is received from academic and administrative personnel.

B. Trustees' Comments

- 1) Trustee Gonzales thanked the Pharmacia and Upjohn representatives for their gift to Michigan State.

Ms. Gonzales commended everyone involved with the 2020 Vision.

Trustee Gonzales said recent meetings with students had provided her an opportunity to learn to know them as well as to learn of their priorities for the University. She thanked the students for sharing their concerns and for complimenting the Board for doing a good job.

- 2) Trustee Cook commented on the gift from Jack and Dorothy Withrow to the University. Ms. Cook said the Withrows share a great love and interest in Michigan State and support the University in many diverse ways. Trustee Cook said it had been an extraordinary day, and she complimented President McPherson for his exceptional remarks at the premiere of Ellen Zwilich's Symphony No. 4, "The Gardens."

Ms. Cook congratulated Professor James Roper and the Debate Team for their accomplishments.

- 3) Trustee Porteous remarked that historical, significant issues had been dealt with at this particular Board meeting. He said that Brook Lodge is a wonderful gift to Michigan State. Mr. Porteous also said he is enthusiastic about the results of the Withrow's gift.

Mr. Porteous said the President and his team are providing extraordinary leadership in guiding the University.

- 4) Trustee Nugent commented that it had been an exciting day. He said Brook Lodge will provide a tremendous opportunity to serve the people of southwest Michigan.

Mr. Nugent said he had recently attended a food systems conference and commented on the importance of the close working relationship Michigan State has with the Michigan Department of Agriculture and the Legislature.

Mr. Nugent extended best wishes to the athletic teams in their upcoming tournaments.

- 5) Trustee McNamara wished President McPherson "silver-tongued eloquence" for the State of the University address that afternoon.

11. Public Participation on Other Issues

Dennis Lantzy, staff member, Chairperson of the MSU Coalition of Labor Organizations, and President of MSU Skilled Trades Local 999, spoke about the MSU budget and its funding. He urged the University to reexamine the Tuition Guarantee and evaluate what it needs to do to maximize available resources to continue providing high-quality education.

12. An Executive Session was not requested.

13. The meeting adjourned at 10:35 a.m.

Respectfully submitted,

Nancy H. Pogel, Ph.D.
Secretary of the Board of Trustees

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