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

December 5, 2008

President Simon called the meeting of the Board of Trustees to order at 9:45 a.m. in the Board Room.

Trustees present: Joel Ferguson, Melanie Foster, Dorothy Gonzales, Colleen McNamara, Donald Nugent, Faylene Owen, George Perles and Scott Romney.

University officers present: President Simon, Provost Wilcox, Vice President Poston, Secretary Beekman, Vice President and General Counsel Noto, Vice Presidents Denbow, Gray, June, Webster, Senior Advisor and Director Granberry Russell, and Interim Executive Director Cash. Faculty liaisons present: Mark Largent, Deborah Moriarty, James Potchen, and Alvin Smucker. Student liaisons present: Christopher Kuleszka, Manish Madan, Maweza Razzaq and Michael Webber.

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

1. On a motion by Trustee Owen, supported by Trustee Foster, the BOARD VOTED to approve the agenda.

2. On a motion by Trustee Romney, supported by Trustee Owen, the BOARD VOTED to approve the minutes of the October 24, 2008 meeting.

3. GPA Award Presentations

Trustee Ferguson and Trustee Foster presented the Trustee GPA awards to the following students:

1. Michelle K. Gleason, Tecumseh, MI—Major: Accounting; Member of the Honors College; 4.0 GPA

2. Katherine M. Sarrow, Saginaw, MI—Major: Special Education-Deaf Education; 4.0 GPA

3. Amanda A. Willyard, Grandville, MI—Major: Animal Science; 4.0 GPA
4. Tyler S. Wright, Plainwell, MI—Major: Biosystems Engineering; 4.0 GPA

5. Jocelyn C. Frey, Saint Joseph, MI—Major: Physiology; Member of the Honors College; 3.9946 GPA

6. Grace K. Trueman, Ortonville, MI—Major: Political Science; 3.9845 GPA.

4. President's Report

A. Commencement

President Simon stated that space, finance, and films will be the perspectives of the three speakers at MSU's December commencement ceremonies. Steven Squyres, the principal investigator for NASA's Mars Rover project, will address advanced degree candidates on December 5. MSU will award him an honorary doctorate of science. John McCoy, the former chairman and CEO of BankOne, will address undergraduate degree candidates at 10 am on December 6. He will receive an honorary doctorate of business.

President Simon said that Jack Epps, Jr., award winning filmmaker and MSU alumnus, will address undergraduate degree candidates at 2 pm on December 6. He will be presented with an honorary doctor of fine arts. MSU will present five other individuals with honorary degrees: Thomas Krigas; David Morris; Haijing Fu; Calvin Rapson; and James Herbert.

B. The Adverse Economic Circumstances Fund

President Simon noted that because of Michigan's economic struggles, the finances of many Michigan families have been drastically weakened by job loss or other catastrophic incidents. To address the special needs of these families, MSU has established a new financial assistance fund. The Adverse Economic Circumstances Fund will be used by the Office of Financial Aid, in conjunction with other available assistance, to assist students whose families suffer serious financial setbacks. Over $500,000,000 has been earmarked for this program. It is MSU's intention that these funds make the difference for as many students as possible between continuing studies and withdrawing from MSU.
C. Coach Baum Retirement

President Simon noted that Joe Baum, head coach of the MSU men’s soccer team, completed his 32nd season as the men's soccer coach at MSU this fall. The team won both the Big Ten regular-season and tournament championships for the first time in program history. Congratulations were extended to Coach Baum and his team of outstanding student-athletes.

President Simon stated that Coach Baum had announced that he would retire following the 2008 season. For more than three decades, Joe Baum’s dedication to the sport of soccer and MSU has been remarkable. During his tenure at MSU, Baum was named Big Ten Coach of the Year three times, including this season, and he has mentored the Spartans to 22 winning seasons.

Coach Baum said it was an honor to serve MSU for 32 years. He noted that he was thankful for the support he has received over the years from athletic directors and administrators. He looks forward to continuing to work for MSU and thanked everyone for their contributions to MSU.

D. MSU Among Leading Academic Workplaces

President Simon said that MSU ranks fourth among the “Best Places to Work 2008: Academia” published in the November issue of The Scientist magazine. MSU moved up from number 16 in the sixth annual survey by the research trade magazine. The nearest Big Ten University in the rankings is the University of Illinois at Urbana-Champaign, now at number 16. President Simon noted that the ranking reflects what all of us at MSU have known for many years—that MSU provides an outstanding environment for successful careers and work-life balance.

E. MSU Among Top Universities for Study Abroad Participation, International Enrollment

President Simon stated that for the fourth year in a row, MSU leads the nation in study abroad participation among public universities. During the 2006-07 academic year, 2,801 MSU students studied abroad. They participated in more than 250 programs in 60 countries on all continents. MSU has long been a globally engaged university and a leader in enhancing the educational experience for our students through study abroad programs.
F. 2009 NAGPS President Award

President Simon announced that Sheila Kathleen Kelly, Council Of Graduate Students (COGS) Vice President for Graduate Welfare, won the 2009 National Association of Graduate-Professional Students (NAGPS) President Award. Congratulations were extended to Ms. Kelly for bringing this recognition to COGS and MSU.

5. Public Participation on Issues Germaine to the Agenda.

A. Project Labor Agreement (PLA) Opposition

Mr. Brad Dennis, MSU student, thanked the Board for the opportunity to speak about the proposed PLA for Brody Hall. Mr. Dennis noted that many MSU families are struggling during these difficult economic times, and many students are working part or full-time jobs. Mr. Dennis indicated that he did not understand why MSU would support a PLA that could limit competition and increase expenses on the Brody project in the current economic climate in Michigan. He asked the Board to consider the implications to students and Michigan residents before supporting the PLA recommendation.

B. Project Labor Agreement (PLA) Opposition

Mr. Christopher Fisher, Association of Builders and Contractors of Michigan (ABC), stated that his organization objects to the use of such agreements and is in opposition to union-only PLAs. Mr. Fisher said that he believes PLAs discriminate against the 78 percent of non-union contractors in Michigan. He reported that ABC opposes all discrimination and believes that all working men and women have a right to equal opportunity, and that they should be able to work on construction projects, especially public projects. Mr. Fisher urged the Board to prohibit the use of a union only PLA.

C. Project Labor Agreement (PLA) Opposition

Ms. Renee Sandborn, President of Sandborn Construction, said that she hires both union and non-union companies and selects contractors based on their ability to complete projects at a reasonable price. Ms. Sandborn stated she believes PLAs eliminate fair and open competition. She asked the Board to consider the effects on local business owners if only union contractors are able to bid on MSU projects.
D. Project Labor Agreement (PLA) Support

Ms. Deb Bittner, President of the MSU Clerical Technical Union (CTU), stated that the CTU supports MSU’s consideration of entering into a PLA on the Brody project. The CTU also commends President Simon and the Board for adoption of the responsible contractor policy and its amendments. Ms. Bittner stated that PLAs are agreements negotiated for complex public works projects that guarantee that the work will be performed using one set of wages, benefits, and hiring standards. She asserted that PLAs ensure quality work by skilled craftspeople, guarantee no work stoppages due to labor disputes, and create family wage job opportunities.

E. Project Labor Agreement (PLA) Support

Mr. John Canzano, Attorney for Michigan Building Trades, said that PLAs have been used for decades in both the public and private sector. He noted that PLAs are the most effective tool for ensuring the availability of skilled workers and do not discriminate against non-union contractors. MSU should encourage worker training and educational opportunities, which are enhanced through a PLA and through use of the union apprentice programs.

6. Personnel Actions

Provost Wilcox presented the following appointments and other personnel actions:

Jaffe, Donna M., AY—Professor, Department of Teacher Education, $125,000, with Tenure, effective August 16, 2009.

Basson, Marc D., AN—Professor, Department of Surgery; Dean’s Office, College of Human Medicine, $375,000, with Tenure, effective January 5, 2009.

Pritchett, James A., AN—Professor, African Studies Center, Department of Anthropology, $145,000, with Tenure, effective January 1, 2009.

The following promotions and reappointment, which include the award of tenure, are recommended to be effective January 1, 2009.

Lee, Ilsoon, promotion to Associate Professor, Department of Chemical Engineering and Materials Science.
Tang, Moxun, reappointment as Associate Professor with tenure, Department of Chemical Engineering and Materials Science.

Silvey, LeAnne E., promotion to Associate Professor, Department of Family and Child Ecology.

Choi, Kyunghee Lee, promotion to Associate Professor, School of Social Work.

Trustee Owen moved to approve the recommendations, with support by Trustee Foster.

Provost Wilcox said Professor Jaffe comes to MSU from the State University of New York at Albany, where she has been in the Department of Reading since 2001.

Provost Wilcox said Professor Basson has been in the Department of Surgery at Wayne State University since 2001. His major research interests include intestinal epithelial healing, cell-matrix interactions, physical force effects, cell signaling, cancer cell adhesion, and metastasis.

Provost Wilcox stated that Dr. Pritchett has been a faculty member at Boston University since 1990. He will play a key role in expanding MSU's already strong presence in African Studies.

THE BOARD VOTED to approve the recommendations.

Mark Hollis, Director of Intercollegiate Athletics, presented the following appointments:

Comley, Richard B., AN—Head Coach—Hockey, Intercollegiate Athletics, Subject to Contract, effective July 1, 2011 to June 30, 2012.


Izzo, Thomas, AN—Head Coach—Men’s Basketball, Intercollegiate Athletics, Subject to Contract, effective July 1, 2014 to June 30, 2015.

Rankan, Susan M. (Suzy Merchant), AN—Head Coach—Women’s Basketball, Intercollegiate Athletics, Subject to Contract, effective July 1, 2012 to June 30, 2013.

Trustee Nugent moved to approve the recommendations, with support by Trustee Owen.
THE BOARD VOTED to approve the recommendations.

7. Gifts, Grants, and Contracts


Trustee Nugent moved to approve the report, with support by Trustee Owen.

THE BOARD VOTED to approve the Gifts, Grants, and Contracts Report.

Vice President Gray introduced Dr. Glenda Lappan, University Distinguished Professor of Science and Mathematics, for the research presentation. Dr. Lappan discussed MSU research and development in mathematics teaching, learning, and curriculum. (Appendix A)

8. Finance Committee

Trustee Nugent presented the Trustee Finance Committee Report and recommendations.

A. Fund Functioning as Endowment

It was recommended that the Board of Trustees establish a fund functioning as an endowment entitled Student Alumni Foundation.

It was recommended that the Board of Trustees establish a fund functioning as an endowment entitled Athletes Supporting Academics: Together Everyone Achieves More.

Trustee Nugent moved to approve the recommendations, with support by Trustee Owen.

THE BOARD VOTED to approve the recommendations.

B. New Investment Managers

It was recommended that the Board of Trustees select Bain Capital, Inc. as an investment manager.

It was recommended that the Board of Trustees select Bennett Management as an investment manager.
It was recommended that the Board of Trustees select Elliott Associates as an investment manager.

Trustee Nugent moved to approve the recommendations, with support by Trustee Foster.

THE BOARD VOTED to approve the recommendations.

C. Revised Investment Policy Statement

It was recommended that the Board of Trustees adopt the revised Investment Policy Statement. (Appendix B)

Trustee Nugent moved to approve the recommendation, with support by Trustee Owen.

THE BOARD VOTED to approve the recommendation.

D. 403(b) Retirement Plan; 9-18-98 BOT Resolution

It was recommended that the Board of Trustees confirm that the September 18, 1998 Board of Trustees Resolution re: Base Retirement Plan Policy Changes approved, but did not require, certain University policies and practices concerning employee access to Section 403(b) retirement plan distributions, and that changes to such policies and practices, including changes concerning access to loans and hardship distributions from retirement plan accounts, are administrative matters.

Trustee Nugent moved to approve the recommendation, with support by Trustee Owen.

THE BOARD VOTED to approve the recommendation.

E. Reappointment of External Investment Advisory Subcommittee Members

It was recommended to the Board of Trustees that it reappoint Ronald E. Goldsberry and Gary L. Seervers to serve a second term as external members on the Investment Advisory Subcommittee.

Trustee Nugent moved to approve the recommendation, with support by Trustee Ferguson.

THE BOARD VOTED to approve the recommendation.
F. Authorization to Plan

It was recommended to the Board of Trustees that it authorize the administration to plan for the project entitled Holmes Hall—Elevator Replacement.

It was recommended to the Board of Trustees that it authorize the administration to plan for the project entitled Wilson Hall—Elevator Replacement.

It was recommended to the Board of Trustees that it authorize the administration to plan for the project entitled Food Stores— Alterations to Freezer Walls.

It was recommended to the Board of Trustees that it authorize the administration to plan for modifications that may result in a material change to the campus footprint for the project entitled Engineering Research Complex—Office Addition.

Trustee Nugent moved to approve the recommendations, as a group, with support by Trustee Ferguson.

THE BOARD VOTED to approve the recommendations.


It was recommended to the Board of Trustees that it authorize the administration to plan for the project entitled T.B. Simon Power Plant—Bio-Fuel Production Facility.

Trustee Nugent moved to approve the recommendation, with support by Trustee Ferguson.

Vice President Poston said that the State of Michigan is slated to have a 10 percent reduction in carbon emissions by 2015. MSU has established a goal of reducing carbon emissions by 15 percent by 2015. This project will assist MSU in meeting that goal. It uses a series of biological, renewable materials in a form that can be fed into boiler number four. Using these materials will reduce carbon emissions and energy costs, as the renewable materials are less expensive than coal.

THE BOARD VOTED to approve the recommendation.
H. Project Approval—Authorization to Proceed—Phase I—T.B. Simon Power Plant—Coal Handling Improvements

It was recommended to the Board of Trustees that it authorize the administration to proceed with the project entitled T.B. Simon Power Plant—Coal Handling Improvements—Phase I and to approve a budget of $15,000,000.

Trustee Nugent moved to approve the recommendation, with support by Trustee Owen.

THE BOARD VOTED to approve the recommendation.

I. Project Approval—Authorization to Proceed

It was recommended to the Board of Trustees that it authorize the administration to proceed with the project entitled Holden Hall—Life Safety System Upgrades and to approve a budget of $4,200,000.

Trustee Nugent moved to approve the recommendation, with support by Trustee Foster.

Vice President Poston noted that last year the common areas in Holden Hall were upgraded. This recommendation will complete renovations to Holden Hall. The work is to be done during the summer.

THE BOARD VOTED to approve the recommendation.

J. Project Approval—Authorization to Proceed—Brody Hall Renovation

It was recommended to the Board of Trustees that it authorize the administration to proceed with the project entitled Brody Hall—Renovation and to approve a budget of $49,800,000.

Trustee Nugent moved to approve the recommendation, with support by Trustee McNamara.

Vice President Poston stated that MSU is planning to require a Project Labor Agreement (PLA) for the project. Vice President Poston also noted that the Board passed the Responsible Contractor Policy, which authorized the administration to mandate the use of a PLA. This project involves an area that feeds approximately 2,500 students daily, and it is extremely difficult to distribute those students elsewhere on campus should this project
not be completed on time. Each phase of the project is scheduled so that meals will continue to be served during construction.

Vice President Poston further noted that much has been said about PLAs constraining bidders. MSU believes that there will be sufficient bidders on this project to ensure that the bidding process will be competitive. Non-union contractors will be able to bid on this project, but would have to follow the terms of the PLA to work on the project.

Trustee McNamara stated that PLAs are not new agreements, but have been employed for many years on projects around the State of Michigan. PLAs are a management tool utilized under specific conditions to achieve a certain outcome.

Trustee Foster thanked the speakers that addressed the Board regarding the PLA issue. She asked that the PLA be closely monitored so that MSU can determine if the project was completed on budget or if there were cost escalations. Trustee Foster also asked that the process be monitored to determine if there were exclusions from the workforce, particularly as it relates to the local workforce.

Vice President Poston stated that this project is extraordinarily exciting because it involves academic programs, student affair programs, the first year student experience, and the housing system. In this project, form is following the function of the spaces. The building has been designed specifically to accommodate the academic and residence life programs and living that will take place in the building.

Vennie Gore, Assistant Vice President for Housing and Food Services, said that when Brody was constructed in 1954, it was the first building in a public university dedicated to living-learning principles of having the residential neighborhood and classrooms, along with 137,000 square feet of dining space, within a single facility. The building has reached the end of its useful life. Mechanical, plumbing, and electrical systems that are beginning to fail. The goal of the project was to create a 21st century building that will meet the needs of students, faculty, and staff for many years to come.

THE BOARD VOTED to approve the recommendation.
K. Bid and Contract Award (Budget Reduction) Steam Distribution—
Repair/Replace Pipe Supports Along Wilson Road East of Bogue Street

It was recommended to the Board of Trustees that a contract in the
amount of $888,000 be awarded to Nielsen Commercial
Construction Co. and the budget be reduced from $1,800,000 to
$1,350,000 for the project entitled Steam Distribution—
Repair/Replace Pipe Supports Along Wilson Road East of Bogue Street.

Trustee Nugent moved to approve the recommendation, with
support by Trustee Romney.

THE BOARD VOTED to approve the recommendation.

L. Bid and Contract Award (Budget Reduction) Steam Distribution and
Road Reconstruction—Wilson and Birch Roads

It was recommended to the Board of Trustees that a contract in the
amount of $6,851,000 be awarded to Clark Construction Company
and the budget be reduced from $12,300,000 to $10,000,000, for
the project entitled Steam Distribution and Road Reconstruction—
Wilson and Birch Roads.

Trustee Nugent moved to approve the recommendation, with
support by Trustee Foster.

THE BOARD VOTED to approve the recommendation.

9. Policy Committee

Trustee McNamara presented the Trustee Policy Committee Report and
recommendations.

A. MSU College of Law Board Appointments

It was recommended to the Board of Trustees that it approve the
following appointments to the Law College Board:

Mr. David Porteous for a term of 3 years, commencing January 1,
2009, and ending December 31, 2011

Mr. Robert Weiss for a term of 3 years, commencing January 1,
2009, and ending December 31, 2011
Trustee McNamara moved to approve the recommendation, with support by Trustee Ferguson.

THE BOARD VOTED to approve the recommendation

10. Compensation Committee

Trustee Romney presented the Compensation Committee Report and recommendations.

A. Compensation Committee Report

Trustee Romney stated that the compensation committee reviewed President Simon’s performance and considered her performance excellent. Upon comparing President Simon’s compensation to the compensation of presidents at other Big Ten Universities, the committee agreed that President Simon should receive an increase in her compensation. However, at the request of the President, and with the consent of the Compensation Committee, no increase will be recommended at this time. Due to the current economic situation, President Simon asked that her compensation remain the same.

Trustee Romney noted that this should not become a precedent for the President or other MSU staff and urged the Board to take proper steps to assure that President Simon does receive an appropriate increase in compensation next year.

Trustee Romney moved to approve the report of the compensation committee, with support by Trustee Ferguson.

THE BOARD VOTED to approve the report.

B. Amendment to Employment Agreement

It was recommended that the Board of Trustees authorize the Chairperson of the Board, after consultation with the Compensation Committee, to execute a Third Amendment to Employment Agreement, updating and clarifying Section 12a of the President’s Employment Agreement and the related attachment in a manner generally consistent with the terms upon which other Big Ten public university presidents may return to the faculty at their institutions. (Appendix C)

Trustee Romney moved to approve the recommendation, with support by Trustee Foster.
THE BOARD VOTED to approve the recommendation.

11. Trustee Comments

Trustee Ferguson welcomed Trustee elect Dianne Byrum. He noted that Trustees Romney and Gonzales would be leaving the Board and asked Trustee McNamara to present a resolution to Trustee Gonzales. (Appendix D)

Trustee Ferguson asked Trustee Nugent to present a resolution to Trustee Romney. (Appendix E)

Trustee Ferguson thanked everyone on Team MSU for their hard work and wished everyone a happy holiday season.

Trustee Owen said that the faculty liaison committee discussed the current economic situation in Michigan and how to strengthen MSU. She asked Dr. James Potchen for remarks.

Dr. Potchen, on behalf of the faculty liaison committee, thanked Trustee Gonzales and Trustee Romney for their service to MSU. He expressed his hopes that both will stay involved and continue to support MSU.

Trustee Nugent also welcomed Trustee-elect Byrum. He noted that the students he visited with at the MSU Dubai campus were from all around the world. They were all excited to be part of MSU.

Trustee Perles welcomed Trustee-elect Byrum.

Trustee Gonzales thanked everyone for their kind words.

Trustee Foster said that some prominent Dubai officials attended the ribbon cutting ceremony at the MSU Dubai campus. The officials value what MSU is doing and believe that the success of MSU is important to Dubai. MSU has taken its land grant values to the Middle East.

12. Public Participation on Other Issues

A. FOIA Request

Dr. Thomas Woods stated that he had finally received all of the information related to his original May 2008 FOIA request. He expressed his disappointment that it had taken so long to complete his request. Dr. Woods also voiced his disappointment in the staffing of the FOIA office and suggested that the Board take a
close look at how FOIA requests are handled at MSU.

13. Request to Adjourn

On a motion by Trustee Ferguson, supported by Trustee Foster, THE BOARD VOTED to adjourn at 12:35 p.m.

Respectfully submitted,

[Signature]

William R. Beekman
Secretary of the Board of Trustees
RESEARCH PRESENTATION
TO THE MSU BOARD OF TRUSTEES

DECEMBER 5, 2008

DR. GLENGDA LAPPAN
COLLEGE OF NATURAL SCIENCE
MSU Research and Development: in Mathematics Teaching, Learning, and Curriculum

Glenda Lappan
Department of Mathematics
Division of Science and Mathematics Education

Questions

- How have our activities over the past 4 decades positioned MSU as a leader?
- What are the measurable impacts of MSU activities on education in Michigan?
Have the outcomes of these research projects made a difference in how we train our teachers and modify the curricula in K-12 education?

What would the Michigan and National landscape look like without these programs?

The Decade of the 60s

Sputnik: National Science Foundation Academic Year Institutes for Teachers

- Science and Mathematics Teaching Center established at MSU in CNS
- Loaned by Department of Mathematics `65-`67 to the SMTC for developing and teaching externally funded mathematics courses for experienced teachers
Decade of the 70s:

- Sloan Grant to Engineering to Increase success of minorities
  - Developed mathematics modules and taught the students
  - Computer testing modules
  - Emerging Scholars in Mathematics
- Four NSF Grants to improve mathematics curriculum, content knowledge and pedagogy
  - Numerical Mathematics: Elementary teachers
  - Geometry: Middle School teachers
  - Two iterations of Teaching Mathematics with Computers: High School teachers

Decade of the 80s: “a rising tide of mediocrity”

- Six NSF mathematics grants involving research and development to improve student learning and teacher teaching
  - Studies of
    - classroom practices
    - developing productive teaching practices/MGMP
    - mathematics content knowledge for teaching
    - students’ mathematical understanding at the middle grades
    - challenges to students’ understanding in basic areas of school mathematics: fractions, rates, ratios, proportional reasoning, algebra, measurement, geometry, probability and statistics.
Decade of the 90s

- 3 large NSF Grants:
  - Connected Mathematics Project `91 to `96
    - Develop a complete mathematics curriculum for grades 6, 7, and 8
    - Focus on understanding important concepts, skills, procedures, and ways of thinking and reasoning in number, geometry, measurement, algebra, probability, and statistics

Decade of the 00s

- NSF grant for a revision of the *Connected Mathematics* materials, CMP2, to take advantage of what was learned in the six years that CMPI had been used in schools
- Center for the Study of Mathematics Curriculum (CSMC): NSF grant for the research and capacity building
- Three CSMC Conference grants: two international, one US focused
Summary of Grants

- $25 million in funding over 25 NSF grants
- CMP has 25% of the US market in math instructional materials for middle grades
- Nearly 300 studies have been carried out by others in CMP classrooms—two large scale multi-year studies are currently in progress
- In 2006, NSF’s Education Directorate used our long term funding and its result to showcase NSF Grant accomplishments to the Congressional Committee that oversees NSF

CMP was rated by AAAS and by the US Department of Education as an Exemplary Curriculum and is included in the What Works Clearing House
Importance to MSU?

Two Funds Functioning as Endowments were established from the royalties by MSU and the authors: currently ~14 million dollars. The Phillips Lectures in Mathematics, the LPF Endowed Chair, the LPF Visiting Scholars Program and fellowship support for RAs are but a few of the benefits for mathematics Education at MSU from the fund.

Importance to MSU?

A national and international reputation for quality work and innovation in mathematics education.
INVESTMENT POLICY
Policy Number: 01-07-01

Updated: (1/26/79; 4/15/83; 6/8/84; 2/6/87; 10/14/88; 12/6/91; 9/22/00; 6/5/03; 5/7/04; 11/12/04, 5/15/07)

I. General Statement

As stated in the Constitution of the State of Michigan and in the Bylaws of the Board of Trustees of Michigan State University (Board), the Board is responsible for the “control and direction of all expenditures from the institution’s funds.” In carrying out this responsibility with respect to the University’s investments, the Board has established a framework for active, professional investment management. This policy states the responsibilities of the parties involved in carrying out the investment program.

The Board will establish an investment program for the investment of University funds for maximum return with an acceptable degree of risk. Within the context of its fiduciary responsibilities, the Board will exhibit social conscience in the administration of the University’s investment portfolio.

All institutional funds available for long-term investment (generally at least five years), with the exception of funds restricted by law or by special donor limitations, will be consolidated into the Board’s Common Investment Fund (CIF). (See Exhibit A for the CIF Statement of Investment Objectives.) All institutional cash, with the exception of cash restricted by external agreements or by special donor limitations, will be consolidated into the Board’s Pooled Cash Fund for investment purposes. The Pooled Cash Fund shall consist of i) the Liquidity Pool (short and intermediate-term commercially available funds) and ii) the Intermediate-term Fixed Income Fund. (See Exhibit B for the Pooled Cash Fund Statement of Investment Objectives.)

II. Nature of Assets

Three distinct types of assets are covered by this policy:

1. Institutional Funds - Assets owned and held for long-term investment by the University, such as employee retirement funds and endowment funds, which include endowment trusts and funds functioning as endowments.

2. Annuity and Life Income Funds - Assets held for permanent investment by the University as trustee for the benefit of named beneficiaries, to revert to the University upon the demise of the last beneficiary or after a specified period of time, which should be invested to produce annual returns at least equal to contractually required payments to beneficiaries.

3. Institutional Cash – Cash being pooled and invested pending its intended use.
III. Role of Board of Trustees

The Board:

1. Shall exercise its investment responsibilities through its Finance Committee;

2. Shall, upon the recommendation of the Finance Committee, establish investment policies relating to the administration of its investment portfolio;

3. Shall, upon the recommendation of the Finance Committee, establish investment objectives;

4. Shall, upon the recommendation of the Finance Committee, appoint an investment consultant, investment managers and investment custodians for the Institutional Funds; and

5. Shall receive periodic reports on investment results through the Finance Committee.

IV. Role of Finance Committee

The Finance Committee:

1. Shall, in consultation with the Investment Advisory Subcommittee, make recommendations about policies relating to the administration of the University’s investment portfolio to the Board;

2. Shall, in consultation with the Investment Advisory Subcommittee, recommend to the Board an investment consultant, investment managers and investment custodians for the Institutional Funds;

3. Shall receive periodic reports on the investment status of the portfolios and shall transmit relevant information from such reports to the Board; and

4. Shall consider other investment-related matters.

V. Role of the Chairperson of the Finance Committee

The Chairperson of the Finance Committee is authorized to appoint certain investment managers when recommended by the Vice President for Finance and Operations and Treasurer (VPFO), in consultation with the investment consultant, when Board action on such new manager appointments at a regularly scheduled Board meeting is not feasible due to the timing of the investment opportunity; provided that (1) the VPFO shall notify the Board and the Investment Advisory Subcommittee of each proposed new manager appointment by fax or email at least one week prior to action on the proposed appointment by the Chairperson of the Finance Committee; (2) the Chairperson of the Finance Committee shall not act on the proposed new manager appointment if within forty-eight hours of the notification, at least three Trustees request a special Board meeting on the proposed appointment; (3) the Chairperson of the Finance Committee
shall consult with available members of the Investment Advisory Subcommittee prior to making any new manager appointment pursuant to this Section V; (4) amounts committed in connection with new manager appointments by the Chairperson of the Finance Committee (a) shall be within the targeted asset allocation range specified in the CIF Statement of Investment Objectives, and (b) shall not exceed (i) $15 million per new investment manager and (ii) a total of $75 million per calendar year; and (5) the VPFO shall document compliance with each of the conditions of this Section V before implementing the appointment. Any new investment manager appointments by the Chairperson of the Finance Committee pursuant to this Section V shall be reported to the Board and the Investment Advisory Subcommittee.

VI. Role of the Investment Advisory Subcommittee

The Investment Advisory Subcommittee:

1. Shall advise the Finance Committee in the review and evaluation of investment opportunities and strategies;

2. Shall provide knowledgeable, objective and independent advice to the members of the Finance Committee and University administration on strategic investment planning and policy, investment opportunities, and such other matters as shall be determined by the Board;

3. Shall review policies relating to the administration of the University’s investment portfolio and, when appropriate, shall advise the Finance Committee about such policies;

4. Shall, in consultation with the investment consultant, the investment managers and the University administration, annually review the performance and investment objectives of the portfolio of Institutional Funds investments;

5. Shall, in consultation with the University administration, semiannually review the performance and investment objectives of the Pooled Cash Fund;

6. Shall, in consultation with the University administration, advise the Finance Committee concerning the investment consultant, investment managers and investment custodians for the Institutional Funds; and

7. Shall usually meet with the investment consultant quarterly, but in no case less frequently than three times a year, and shall periodically evaluate the performance of the investment managers, in consultation with the University administration.

VII. Role of the Investment Consultant

The investment consultant:

1. Shall annually develop and communicate to the Finance Committee an appropriate strategy to meet the Board’s long-term investment objectives for the Institutional Funds;
2. Shall usually meet with the Investment Advisory Subcommittee quarterly, but in no case less frequently than three times a year, and with the Finance Committee as needed;

3. Shall advise the Finance Committee regarding searches for investment managers and investment custodians;

4. Shall provide a monitoring and measurement program that will permit evaluation of the performance of the investment managers in comparison with the investment markets and with other managers; and

5. Shall provide such other information pertaining to the Board’s investment program as may reasonably be required and shall report immediately to the Board any major change in its confidence regarding the securities markets.

VIII. Role of the Investment Managers

Each investment manager:

1. Shall report at least quarterly to the University administration on performance and other appropriate matters;

2. Is authorized to execute investment transactions within its established guidelines, subject to any restrictions established by the Board;

3. Shall provide other necessary information for the development of interim reports and shall meet, as necessary, with the Finance Committee, the Investment Advisory Subcommittee and the VPFO; and

4. Shall vote all proxies in a manner most likely to preserve or enhance the value of the underlying investments and normally to support management on routine matters.

IX. Role of the Investment Custodians

Each investment custodian:

1. Shall hold all securities in an agreed-upon nominee name and form;

2. Shall execute all transactions as directed by the relevant investment manager;

3. Shall collect all income pertaining to the securities held, and shall temporarily invest such income in cash equivalents;

4. Shall periodically remit accumulated income to the University, for credit to the appropriate funds or trusts, pursuant to instructions received from the University administration;
5. Shall provide the University with a full monthly accounting of all transactions, together with a listing of all holdings at cost and market; and

6. Shall provide such other information as may reasonably be required.

X. Role of the University Administration

The University administration through the VPFO:

1. Shall continuously monitor and review the investment consultant’s reports, the actions of the investment managers, and the status of the University’s investment portfolios;

2. Shall serve as a liaison for interim communication among the Board, the Finance Committee, the Investment Advisory Subcommittee, the investment consultant, and the investment managers;

3. Shall maintain communications, as appropriate, among the Board, the Finance Committee, the Investment Advisory Subcommittee, the investment consultant, and the investment managers;

4. Shall make recommendations to the Finance Committee, in consultation with the Investment Advisory Subcommittee, concerning investment policies, structure, objectives and selection of investment managers;

5. Shall rebalance the portfolio, generally on a quarterly basis, in order to stay within the asset allocation parameters established by the Board and to maintain proper diversification among individual investment managers, (a) by reallocating funds among accounts or investment vehicles managed by investment managers already approved by the Board or by the Chairperson of the Finance Committee pursuant to Section V of this policy, or (b) by managing net cash flows into and out of the CIF by adding to underweight positions or withdrawing from overweight positions;

6. Shall report all rebalancing transactions and all new financial commitments to non-marketable alternative asset investment managers completed during the quarter to the Finance Committee and Investment Advisory Subcommittee, and shall provide quarterly reports to the Finance Committee and Investment Advisory Subcommittee showing potential rebalancing transactions that are likely to occur over the ensuing quarter;

7. Shall report monthly to the Board and the Investment Advisory Subcommittee any market value decline in excess of both 10 percent and $500,000 in the value of the CIF, of the Intermediate-term Fixed Income Fund, of the Liquidity Pool or of Institutional Funds that are separately invested due to donor limitations;

8. Shall report quarterly to the Board and the Investment Advisory Subcommittee any market value decline in excess of both 10 percent and $500,000 in the value of the University’s investment with an investment manager; and
9. Shall have the authority to appoint, or may act in the role of, the investment managers and investment custodians for the Pooled Cash Fund and shall report any such appointments to the Finance Committee, the Investment Advisory Subcommittee and the Board.

XI. **Endowment Spending**

1. The University will make available for spending 5.75% of the average market value of the CIF as calculated for the twenty quarters of the five calendar years prior to the beginning of the fiscal year in which the spending is expected to occur.

2. The University may spend 100% of the income earned by Institutional Funds that are separately invested due to donor limitations.

3. This spending policy shall be reviewed annually by the Finance Committee, after review by the Investment Advisory Subcommittee.
THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

This Third Amendment to Employment Agreement (the "Third Amendment") is entered into as of December 19, 2008, by and between the Board of Trustees of Michigan State University (the "Board") and Lou Anna Kimsey Simon (the "President"), to modify and supplement the Employment Agreement between them dated November 12, 2004 and amended on September 15, 2006 and December 7, 2007 (the "Agreement"). All terms and conditions of the Agreement remain in full force and effect, except as modified and supplemented by this Third Amendment, which shall prevail in the event of any conflict.

The University and the President agree as follows:

1. Section 12.a of the Agreement is replaced in its entirety by the following:

12.a. Return to Faculty. If the President chooses to return to the faculty after her service as the University president, she shall be entitled to a twelve (12) month research leave for the purpose of assisting her in her return to the faculty. During this research leave, she shall be paid 100% of her last base salary as President, she shall continue to be provided with all fringe benefits to which officers of the University are entitled, and she shall be provided with a suitable office in a mutually agreeable University building, along with appropriate secretarial services, computer and technology equipment, technical support, a telephone, and other necessary office tools. Upon her return to the faculty, her appointment shall be on an annual year (AN) basis and her initial salary shall be 60% of her last presidential base salary, thereafter subject to annual review and salary increases and fringe benefits consistent with other members of the tenured faculty. The President will be provided with a suitable office in a mutually agreeable University building, secretarial services, appropriate computer and technology equipment, technical support, a telephone, and other office tools as appropriate to her work as a faculty member.

2. Section 12.c.ii of the Agreement is replaced in its entirety by the following:

12.c.ii. Two complimentary tickets to home football games in an indoor seating area and two complimentary tickets to home women's basketball games.

3. The reference to each "home basketball game" in Section 12.c.iii of the Agreement shall be interpreted to refer to both men's and women's basketball games.

4. Entire Agreement. The Agreement and this Third Amendment constitute the entire agreement of the parties relating to the President's employment as University president and supersede any oral or other written agreements or understandings as to such employment.
In witness whereof, the President and the Chairperson of the Board have executed this Third Amendment to Employment Agreement dated December 19, 2008.

PRESIDENT

Lou Anna Kimsey Simon

Date

BOARD OF TRUSTEES OF MICHIGAN STATE UNIVERSITY

Joel I. Ferguson, Chairman

Date
Since gratefully to Dorothy Gonzales,

Trustee, on behalf of the Michigan State University community, extends its heartfelt thanks and

for her leadership and extraordinary efforts to advocate for MSU’s students, the Board of

Trustees Gonzales contributions to MSU, particularly her passion for its students, will be greatly

opportunities for students across the socio-economic spectrum.

through such partnerships as the University Research Corridor, and has helped expand educational

research and instruction and leader in building revenue that works to balance statewide economic

needs while overseeing MSUs role as a

Medicine on AIDS education and prevention.

in addition to her role as Trustee, Gonzales has worked with MSUs School of Criminal Justice

challenged students.

where she served as an academic, personal, social and career guidance to low-income and economically

particularly minority students. She attended numerous student events, providing support and praise.

as a member of MSUs Board of Trustees, she worked tirelessly as an advocate for students,

Department of Community Health’s Office of Multicultural Services.

Trustee Gonzales has a long history of health advocacy, serving as director of the Wayne

bonds, the state’s governing organization for Michigan’s public four-year universities.

appointed to that role by Governor Jennifer Granholm and as chairperson of the Michigan Association of Governing

A 24-year veteran of state government, Trustee Gonzales served as an educational policy

Trustee Gonzales was elected to her first eight-year term on the Board in 1992 and was re-

December 5, 2008

HONORING DOROTHY V. GONZALES

BOARD OF TRUSTEES RESOLUTION

MICHIGAN STATE UNIVERSITY
MICHIGAN STATE UNIVERSITY
BOARD OF TRUSTEES RESOLUTION
HONORING G. SCOTT ROMNEY
December 5, 2008

The Board of Trustees of Michigan State University today extends its appreciation and
best wishes to Trustee G. Scott Romney.

Trustee Romney was appointed to the Board of Trustees by Gov. John Engler on Aug. 15,
2000. In November 2000, he was elected to serve an eight-year term on the Board.

A native son and member of a prominent Michigan family, Trustee Romney is an alumnus of
MSU, earning a Bachelor of Arts degree in economics in 1966. He also has a law degree from Harvard
University. In 1976 he joined the law firm of Honigman Miller Schwartz and Cohn, where he is now a
partner and a member of its board of directors.

Trustee Romney has a long and distinguished record of public service. In addition to serving
his alma mater, he also has been active in Hospice of Michigan, the Children’s Center of Wayne County,
the National Conference for Community and Justice, the Detroit Area Council of Boy Scouts of America,
and New Detroit.

As a member of the MSU Board of Trustees, Trustee Romney has played a major role in
making MSU one of the most efficient providers of educational services in the state. He has worked
tirelessly to keep tuition rates as low as possible despite uncertain economic times and to assure that
MSU’s room and board rates remained the lowest among Michigan universities, while assuring his
university remained one of the top 100 global universities.

In addition, Trustee Romney has been a member of a Board of Trustees that oversaw MSU’s
rise to prominence in the numbers of students who study abroad; that has worked to restore the state
of Michigan’s economy through the development of partnerships such as the University Research
Corridor; and has helped address the serious shortage of physicians in our nation through the
expansions of MSU’s colleges of Human Medicine and Osteopathic Medicine.

Trustee Romney’s contributions to the Board and MSU, particularly in legal and financial
matters, will be greatly missed.

It is on behalf of the entire Michigan State University community that the Board of Trustees
offers G. Scott Romney its heart-felt thanks, its congratulations on a job well done, and best wishes for
the future.

Joel I. Ferguson, Chairman

George Perles

George Perles

Colleen McNamara

Dorothy V. Gonzalez

Melanie Foster, Vice Chairman

Gaylord Owen

Paylene Owen

Donald W. Nugent