

**TRUSTEE FINANCE COMMITTEE  
FINANCE AGENDA**

Friday, December 7, 2007 (9:30am)  
401 Administration Building

**I. Action Items**

Investment Manager approval – Fir Tree Partners Attachment 1  
Investment Manager Approval – Shumway Capital Partners LLC Attachment 2  
Long-Term Property Lease – Sherman Lake YMCA Outdoor Center, Kalamazoo County Attachment 3

**A. Authorization to Plan**

Kellogg Biological Station Pasture Based Dairy Facility Attachment 4  
Holden Hall – Space Improvements Attachment 5  
WKAR – New Tower and Broadcast Antenna Attachment 6

**B. Project Approval - Authorization to Proceed**

West Circle Housing Complex – Steam, Electrical, and Water Distribution Enhancements – Phase I Attachment 7  
Case Hall – Loading Dock Addition (footprint change) Attachment 8  
Spartan Stadium - East Upper Stand Maintenance Attachment 9

**C. Bid and Contract Award**

Holden Hall – Elevator Replacement Attachment 10



**MICHIGAN STATE**  
**U N I V E R S I T Y**

November 28, 2007

**APPROVED**

**DEC 07 2007**

Board of Trustees  
Michigan State University  
V.P. Finance and Operations

**MEMORANDUM**

**To:** Trustee Finance Committee  
**From:** Fred L. Poston   
**Subject:** New Investment Manager – Fir Tree Partners

**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends to the Board of Trustees the selection of Fir Tree Partners as an absolute return manager.

**BACKGROUND**

In consultation with Cambridge Associates, MSU's financial staff recommends diversifying the exposure within MSU's absolute return asset allocation by investing in Fir Tree Value Master Fund, L.P. (Fir Tree or Fund). The Fund is managed by Fir Tree Partners. Fir Tree is an event-driven value oriented manager. The Fund invests in four primary segments: value equities, special situations, long-term oriented arbitrage and credit oriented investments.

The Fund's long-term performance shows strong and generally consistent returns. Modest leverage is employed and illiquid investments are minimal. Fir Tree's differentiated strategy will increase the diversification of the asset class.

Cambridge Associates advises and the Investment Advisory Subcommittee and Administration concur that Fir Tree is an attractive opportunity to invest in an experienced and opportunistic manager with a smaller asset base than MSU's existing absolute return managers. The Administration plans to invest \$20 million in Fir Tree which will be funded by redemptions from OZ Overseas Fund, Ltd., Farallon Capital Institutional Partners, L.P., Axiom International Equity Fund and Boston Company Emerging Market Equity Fund.

cc: D. Brower, N. Carter, G. Klein, K. Lindahl

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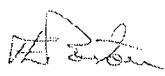
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**MICHIGAN STATE**  
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November 28, 2007



**MEMORANDUM**

**To:** Trustee Finance Committee  
**From:** Fred L. Poston   
**Subject:** New Investment Manager – Shumway Capital Partners LLC

**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends to the Board of Trustees the selection of Shumway Capital Partners LLC as an absolute return manager.

**BACKGROUND**

In consultation with Cambridge Associates, MSU's financial staff recommends replacing the Raptor Global Fund Ltd. (Raptor) investment with an investment in SCP Atlantic Fund (SCP or Fund), offered by Shumway Capital Partners LLC. Assets under management at Raptor have continued to increase making it difficult to short securities effectively.

SCP is a global long/short fund with significantly fewer assets under management than Raptor. SCP's research-driven strategy includes fundamental, bottom-up due diligence to identify opportunities in long and short global equities. Historically the gross exposure has been moderate at 110% to 160% with low net exposure of 25% to 40%. The long term investment performance has been strong and consistent.

Cambridge Associates advises and the Investment Advisory Subcommittee and Administration concur that Shumway Capital Partners LLC is an attractive opportunity to invest with an experienced global long/short manager. The Administration plans to invest \$20 million in the SCP Atlantic Fund which will be funded by a complete redemption from the Raptor Global Fund Ltd.

cc: D. Brower, N. Carter, G. Klein, K. Lindahl



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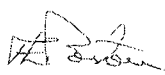
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November 28, 2007



**MEMORANDUM**

**To:** Trustee Finance Committee

**From:** Fred L. Poston 

**Subject:** Long-Term Property Lease – Sherman Lake YMCA Outdoor Center, Kalamazoo County

**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends to the Board of Trustees that it approve granting a 30 year property lease for approximately 40 acres at Brook Lodge to the Sherman Lake YMCA Outdoor Center in Augusta, Michigan, for \$1.00 annual rent and upon such other terms and conditions as may be acceptable to the Vice President for Finance and Operations and Treasurer.

**BACKGROUND**

A license agreement was entered into June 2001 with the Sherman Lake YMCA Outdoor Center for its programmatic use of approximately 455 acres at Brook Lodge. The license automatically renews annually and does not restrict use by MSU.

The licensed MSU acreage and YMCA-owned land are separated by 39th Street. The YMCA is asking for a long-term lease on approximately 40 acres of the 455 acre parcel in order to plan long-term programmatic use and fund a passageway under 39th street, for safety purposes. The current license agreement would be amended to include only the remaining 415 acres of the 455 acre parcel. Use by MSU on the 415 acres would not be restricted.

The administration is recommending that the Board of Trustees approve the execution of this long-term property lease.

cc: C. Reid, B. Clark



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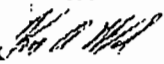
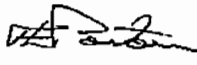
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November 28, 2007

**MEMORANDUM**

To: Trustee Finance Committee  
From: Dr. Kim A. Wilcox   
Dr. Fred L. Poston   
Re: Acceptance of Donation of Land and Buildings in Holland, Michigan

Recommendation:

BE IT RESOLVED, that the Trustee Finance Committee recommends to the Board of Trustees that the administration be authorized to accept from Parke, Davis & Company LLC (the "Donor") the gift of a nine-acre parcel of land in Holland, Michigan, including the research and development facility and pilot plant standing upon it, and to negotiate and enter into agreements, apply for and obtain permits, licenses, and other governmental approvals, and make such filings, as are necessary or appropriate to effectuate the transfer of the gift from the Donor to the University.



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Background:

On March 23, 2005, Pfizer, Inc. ("Pfizer" – the parent company of the Donor) announced its intent to close its 46-acre pharmaceutical campus in Holland, Michigan, resulting in a significant loss of jobs in a high technology sector of the state's economy. Thereafter, Lakeshore Advantage, the Holland area economic development organization, undertook to help repurpose the site. Discussions ultimately focused on the potential donation to the University of one component of the Donor's Holland campus: a 138,000 square-foot, Research & Development Facility and Pilot Plant (the "R&D Facility"). It contains 37,000 liters of chemical reactor capacity with centralized automatic controls, supported by modern laboratories for approximately 100 researchers, a 125-seat auditorium, a library, atrium, and offices.

Consistent with the University's Boldness by Design objectives to "Advance the Emerging Bio-Based Economy in Michigan" in order to "Enrich Community, Economic and Family Life", in May 2007, Pfizer, Lakeshore Advantage, and the University announced an agreement in principle under which the Donor would give to the University a nine-acre parcel containing the R&D Facility, a parking lot, and empty land. Enhancing the generosity of this real estate gift, Pfizer also has committed to prepare the property for University use through a separation of utilities, at the company's expense.

The proposed R&D Facility donation has been the subject of environmental and HVAC review by Fishbeck, Thompson, Carr & Huber, Inc., acting as the University's consultants. Although final details remain to be completed, the environmental testing and review to date suggest that the only remedial steps necessary are those for which Pfizer will be responsible. Successful remediation will permit use of the property for academic and commercial (but not residential) purposes.

Since Labor Day, the Holland Zeeland Community Foundation has received signed pledges totaling \$4.8 M against a \$5 M endowment goal for the support of the University's eventual site director, and additional donations are under discussion. Other funds available for launching the MSU bioeconomy program at the R&D Facility include \$0.5 M from a U.S. Department of Labor "Workforce Innovation for Regional Economic Development" grant, and \$3.4 M in a Michigan Strategic Fund (MSF) grant to Lakeshore Advantage, which will be subcontracted to the University.

With the approval of the Board of Trustees, the administration intends to finalize and execute a donation agreement and close the contemplated real estate transaction as quickly as is prudent. The administration also intends immediately to lease the property back to the Donor for a *de minimis* fee, to permit Pfizer to retain facility control and restrict facility occupancy while discharging its commitment to separate utilities and perform needed environmental remediation. University occupancy and the commencement of on-site programmatic activity is expected in the autumn of 2008. The finalization of endowment gifts to the Holland-Zeeland Community Foundation, anticipated upon Board of Trustees action, will permit national recruitment of a site director in parallel with the utility separation and environmental remediation, minimizing real delay due to the latter activities.

If this donation is approved by the Board of Trustees, an appropriate recognition of Pfizer and Holland community donors will be held at a later meeting of the Board.

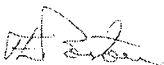
cc: S. Harwood, Esq.  
L. Fallon  
L. Hudson

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November 28, 2007



**MEMORANDUM**

**To:** Trustee Finance Committee  
**From:** Fred L. Poston   
**Subject:** **Authorization to Plan**  
Kellogg Biological Station Pasture Based Dairy Facility

**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends to the Board of Trustees that it authorize the administration to plan for the project entitled Kellogg Biological Station (KBS) Pasture Based Dairy Facility.

**BACKGROUND**

**Program Need:**

Creation of a pasture based dairy facility at KBS will provide expanded opportunities for conducting basic and applied research, including robotic milking. A pasture based dairy facility is needed to enhance the University's ability to provide state-of-the-art research, teaching, and outreach.

**General Description of the Project:**

The planning of this project is anticipated to include the construction of a 120 dairy cow freestall barn and robotic milking facility. The barn will include a basic laboratory area, office, robotic milking, and classroom. The barn will be used for year-round milking as well as housing and feeding cows, when not pastured.

The KBS Pasture Based Dairy Facility will be located at the current Dairy Farm Center in Hickory Corners.

**Communication Plan:**

During the planning phase, faculty and staff who work and do research at KBS will be given an opportunity to provide feedback on the project as it is being designed. Input from the project planning team will also be solicited during design.

**Preliminary Project Cost Information:**

Based on current pricing information, the preliminary cost estimate is \$2.1 million. A W.K. Kellogg Foundation grant will fund the project, along with funding from the Provost, the College of Agriculture and Natural Resources, and Michigan Agricultural Experiment Station.

cc: D. Brower, R. Flinn, J. Kacos, G. Klein, W. Latta, K. Lindahl, M. McCabe, J. Mumma, R. Nestle, D. Quinney, C. Reid



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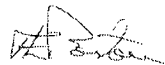
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November 28, 2007

**MEMORANDUM**

**To:** Trustee Finance Committee  
**From:** Fred L. Poston   
**Subject:** **Authorization to Plan**  
Holden Hall – Space Improvements



**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends to the Board of Trustees that it authorize the administration to plan for the project entitled Holden Hall – Space Improvements.

**BACKGROUND**

**Program Need:**

Housing is making a consolidated approach to pursue the improvement of public spaces, spaces that support academic and social interactions, the enhancement of outdoor spaces, and building access systems.

**General Description of the Project:**

Holden Hall was built in 1967 and is approximately 360,000 gross square feet. The planning of this project is anticipated to include new paint and furniture in elevator lobbies, floor lounge areas, student rooms, and corridors; corridor carpeting; updates to the main floor lounges (walls, floors, furnishings) and service centers; new lighting in corridors; security access system enhancements; updates to Sparty's convenience store; and reviewing space planning on the first floor, in particular traffic patterns through various entrances to the building.

Holden Hall is located on the northwest corner of Chestnut and Trowbridge Roads in the Residential District. The location of this project is consistent with the Campus Master Plan and Planning Principles.

**Communication Plan:**

During the planning phase, faculty and staff who work and students who live in Holden Hall and the Resource Center for Persons with Disabilities will be given an opportunity to provide feedback on the project as it is being designed. The planning process will include multiple feedback opportunities. Input from the project planning team will also be solicited during design.

**Preliminary Project Cost Information:**

Based on cost experience for similar projects and current pricing information, the preliminary project cost estimate is \$5,700,000.

The source of funds for the project is expected to be from Auxiliary Activities – Housing and Food Services.

cc: D. Brower, R. Flinn, J. Kacos, G. Klein, W. Latta, K. Lindahl, M. McCabe, J. Mumma, R. Nestle, D. Quinney, V. Gore, S. Margraves

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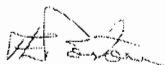
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November 28, 2007



**MEMORANDUM**

**To:** Trustee Finance Committee  
**From:** Fred L. Poston   
**Subject:** **Authorization to Plan**  
WKAR – New Tower and Broadcast Antennas

**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends to the Board of Trustees that it authorize the administration to plan for the project entitled WKAR – New Tower and Broadcast Antennas.

**BACKGROUND**

**Program Need:**

The WKAR broadcast tower for television and FM radio is 53 years old, and at the end of its useful life. The television antenna needs to be converted to a new digital broadcasting frequency per a federal mandate.

**General Description of the Project:**

The planning of this project is anticipated to include the replacement of the existing tower, installation of a new digital television broadcast antenna, and installation of a new FM broadcast antenna.

The tower and associated building is located on Dobie Road in Meridian Township.

**Communication Plan:**

During the planning phase, faculty and staff at WKAR and community members in the area will be given an opportunity to provide feedback on the project as it is being designed. Input from the project planning team will also be solicited during design.

**Preliminary Project Cost Information:**

Based on cost experience for similar projects and current pricing information, the preliminary project cost estimate is \$1,500,000.

The source of funds for the project is expected to be from grants from the Corporation for Public Broadcasting and the Public Telecommunications Facilities Program, and the General Fund – Just-In-Time.

cc: D. Brower, R. Flinn, D. Gift, J. Kacos, G. Klein, W. Latta, K. Lindahl, M. McCabe, J. Mumma, R. Nestle, D. Quinney, D. Hamilton, N. Gilleo, D. Gift, G. Blievernicht



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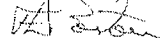
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November 28, 2007

**MEMORANDUM**

**To:** Trustee Finance Committee

**From:** Fred L. Poston 

**Subject: Project Approval - Authorization to Proceed**  
West Circle Housing Complex – Steam, Electrical, and Water Distribution  
Enhancements - Phase I



**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends to the Board of Trustees that it authorize the administration to proceed with the project entitled West Circle Housing Complex – Steam, Electrical, and Water Distribution Enhancements – Phase I, and to approve a budget of \$10,300,000.

**BACKGROUND**

**Program Need:**

Several infrastructural components identified in the West Circle Housing Complex need to be enhanced and/or replaced. The direct buried steam distribution lines in this area were installed in 1930 and are deteriorating. The water capacity in this area needs to be increased to enhance fire safety. The existing 4,160 volt electrical substation needs to be replaced with a new 13,200 volt system in accordance with the long-range electrical plan.

**Description of the Project:**

The fully completed project will include work from the west side of the Grand River Parking Ramp to the Beal Street entrance, located in the Residential and North Academic Districts. This project involves replacement of deteriorating direct buried steam and condensate lines, upgrades to the existing water main, and upgrades to existing electrical substations.

The Board of Trustees authorized this project for planning in June 2007. During design, it became evident that to accommodate the new utilities in the space available while saving the many mature trees required the removal and relocation of several utilities which had not been anticipated, increasing project costs over the planning estimates.

The work included in Phase 1 of 3 involves all required work on the east end of the site. Subsequent projects over the next two years will complete similar work in the center and west end of the site.

The Architect/Engineer is Fishbeck, Thompson, Carr & Huber.

**Communication Feedback:**

Faculty and staff who work in the area and students who live in the complex were given an opportunity to provide feedback during the planning phase. No issues or concerns were raised regarding the project.

The Office of Campus Planning and Administration has reviewed this project and found it to be consistent with the Campus Master Plan and Planning Principles. The Campus



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Infrastructure Planning Work Group also supports the recommendation to proceed with the project.

As construction proceeds, the schedule and phasing will be reviewed with the building occupants and key administrators within the complex.

**Project Cost and Timetable:**

The budget for this Design-Bid-Build project is \$10,300,000, which is being funded by General Fund – Just-In-Time.

Construction is planned to begin in March 2008 and will be substantially complete by October 2009, with final completion by April 2010.

cc: D. Brower, R. Flinn, J. Kacos, G. Klein, W. Latta, K. Lindahl, M. McCabe, J. Mumma,  
R. Nestle, D. Quinney

CP07075

**MICHIGAN STATE**  
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November 28, 2007

**MEMORANDUM**

**To:** Trustee Finance Committee

**From:** Fred L. Poston 

**Subject: Project Approval - Authorization to Proceed**  
Case Hall - Loading Dock Addition (footprint change)



**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends to the Board of Trustees that it authorize the administration to proceed with modifications that result in a material change to the campus footprint for the project entitled Case Hall - Loading Dock Addition (footprint change).

**BACKGROUND**

**Program Need:**

Case Hall was built in 1963 and is currently 294,000 square feet. The current dock does not allow efficient deliveries for the volume of today's food products, recycling material staging and general supply delivery needs.

**Description of the Project:**

Case Hall is located on the southwest corner of West Shaw Lane and Chestnut Road in the Residential District. This project involves an addition of 260 square feet that will serve to add another container for recycling, visually screen the loading dock from Chestnut Avenue, separate receiving and trash removal, and improve circulation for vehicles and pedestrians.

The Architect/Engineer is Fishbeck, Thompson, Carr & Huber, Inc.

**Communication Feedback:**

Faculty and staff who work in and adjacent to Case Hall were given opportunities to provide feedback during the planning phase. No issues or concerns were raised regarding the project. Employees from Recycling and Waste Management and Housing and Food Services have been involved in the preliminary design.

The Office of Campus Planning and Administration has reviewed this project and found it to be consistent with the Campus Master Plan and Planning Principles. The Campus Infrastructure Planning Work Group also supports the recommendation to proceed with the project.

As design and construction proceeds, the schedule and phasing will be reviewed with the building occupants and key administrators.

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**Project Cost and Timetable:**

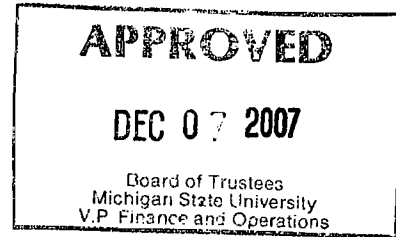
As information, this Design-Bid-Build project is less than \$1 million and the source of funds for the project is Auxiliary Activities Housing and Food Services.

Construction is planned to begin in May 2008 and will be substantially complete by August 2008, with final completion by June 2009.

cc: D. Brower, R. Flinn, J. Kacos, G. Klein, W. Latta, K. Lindahl, M. McCabe,  
J. Mumma, R. Nestle, D. Quinney, V. Gore, S. Margraves

CP05072

**MICHIGAN STATE**  
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November 28, 2007

**MEMORANDUM**

**To:** Trustee Finance Committee

**From:** Fred L. Poston 

**Subject: Project Approval - Authorization to Proceed**  
Spartan Stadium – East Upper Stand Maintenance

**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends to the Board of Trustees that it authorize the administration to proceed with the project entitled Spartan Stadium – East Upper Stand Maintenance and to approve a budget of \$2,000,000.

**BACKGROUND**

**Program Need:**

The traffic coating on the East Upper Stands of the Spartan Stadium has worn off and allows water to collect between the metal deck and cement floor surface. The trapped water in the metal decking has broken up the cement floor surface which covers the metal decking and has started to rust the structural decking.

**Description of the Project:**

Spartan Stadium is located on the south side of Red Cedar Road in the Athletic and Recreational District. This project includes the repair of cement decking floor, replacement of expansion joints, and installation of a traffic coating system throughout the East Upper Stands. The expansion joints in the upper deck and some of the curtain walls may require structural reinforcement

The Architect/Engineer is VEC Engineering.

**Communication Feedback:**

Faculty and staff who work in and adjacent to the project were given an opportunity to provide feedback during the planning phase. No issues or concerns were raised regarding the project.

The Office of Campus Planning and Administration has reviewed this project and found it to be consistent with the Campus Master Plan and Planning Principles. The Campus Infrastructure Planning Work Group also supports the recommendation to proceed with the project.

As construction proceeds, the schedule and phasing will be reviewed with units within the stadium, central services, and key administrators within Spartan Stadium.



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**Project Cost and Timetable:**

The budget for this Design-Bid-Build project is \$2,000,000 which is being funded by Auxiliary Activities - Athletics.

Construction is planned to begin in April 2008 and will be substantially complete by August 2008, with final completion by March 2009.

cc: D. Brower, R. Flinn, J. Kacos, G. Klein, W. Latta, K. Lindahl, M. McCabe,  
J. Mumma, R. Nestle, D. Quinney, G. Ianni

CP07021


**MICHIGAN STATE**  
**UNIVERSITY**

November 28, 2007



**MEMORANDUM**

**To:** Trustee Finance Committee

**From:** Fred L. Poston 

**Subject:** **Bid and Contract Award** (*budget adjustment*)  
Holden Hall – Elevator Replacement

**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends to the Board of Trustees that a contract in the amount of \$1,050,000 be awarded to Kares Construction Co., Inc. and the budget be increased from \$1,000,000 to \$1,300,000, for the project entitled Holden Hall – Elevator Replacement.

**BACKGROUND**

**Description of the Project:**

This project involves the complete removal and replacement of four elevator cars, cabs, motors, controllers, and calls.

**Bid List:**

The following bids were received:



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**BIDDERS**

Kares Construction Co., Inc.  
Moore Trosper Construction Company  
Thatcher Construction Co., Inc.  
Irish Construction Company

**BID**

\$1,050,000  
1,053,000  
1,054,000  
1,064,000

**Project Cost:**

In September 2007, the Board of Trustees authorized a budget of \$1,000,000 for this project. Bids were higher than expected, necessitating a budget increase of \$300,000. The large difference can be largely attributed to the aggressive schedule required by the project. To accommodate summer move out, two of the elevators must be in use by April 25, 2008, with the remaining two elevators substantially complete in August for fall move in. At least two elevators will be in service at all times. This project is being funded by the by Auxiliary Activities – Housing & Food Services.

cc: D. Brower, R. Flinn, J. Kacos, G. Klein, W. Latta, K. Lindahl, M. McCabe,  
J. Mumma, R. Nestle, D. Quinney, V. Gore, S. Margraves

CP06538