

# TRUSTEE FINANCE COMMITTEE

## AGENDA

Friday, June 15, 2007 (9:30am)

401 Administration Building

### I. Action Items

Interim Budget Authorization for 2007-08

Attachment 1

FFE – Martha Wolfson Fund

Attachment 2

Investment Manager – Blackstone Real Estate Advisors

Attachment 3

#### **A. Authorization to Plan**

Emmons Hall – Renovations

Attachment 4

The School of Hospitality Business – Culinary Management Education Laboratory Renovations

Attachment 5

T.B. Simon Power Plant – Coal Handling Improvements

Attachment 6

West Circle Housing Complex - Steam, Electrical, and Water Distribution Enhancements

Attachment 7

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

Kresge Art Center & Alumni Memorial Chapel – Electrical Substation Replacement

Attachment 8

Auditorium – Electrical Substation Replacement

Attachment 9

**APPROVED**

**JUN 15 2007**

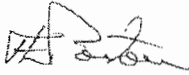
Board of Trustees  
Michigan State University  
V.P. Finance and Operations

**MICHIGAN STATE**  
UNIVERSITY

June 6, 2007



**MEMORANDUM**

**TO:** Trustee Finance Committee  
**FROM:** Fred L. Poston   
**SUBJECT:** Interim Budget Authorization for 2007-08

**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends adoption of the interim budget which permits the operation of the university at 2006-07 budget expenditure levels until the 2007-08 budgets have been established.

This expenditure authorization is as follows:

University General Fund	\$819,800,000
Michigan Agricultural Experiment Station	45,312,867
Michigan State University Extension	51,599,051
Intercollegiate Athletics Program	63,183,400

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**BACKGROUND**

Authorized expenditure levels are required to maintain prudent financial control between July 1, 2007 and the time at which the Board of Trustees approve the 2007-08 budgets. This action is required to provide the flexibility to respond to the state budget decisions.

The 2007-08 state budget process has been markedly more complex this year and has moved at a much slower pace than a typical year. In the event that there is insufficient state appropriation information available by June 30, this action allows additional flexibility in scheduling Board action on the 2007-08 MSU budget.


cc: Trustee Policy Committee  
Dr. Simon  
Dr. Wilcox  
Dr. Barber

**MICHIGAN STATE**  
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June 6, 2007



**MEMORANDUM**

**To:** Trustee Finance Committee  
**From:** Fred L. Poston   
**Subject:** Fund Functioning as an Endowment  
Martha Wolfson Fund

**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends to the Board of Trustees the establishment of a fund functioning as an endowment entitled Martha Wolfson Fund.

**BACKGROUND**

The initial \$1 million funding to establish the Martha Wolfson Fund funds functioning as an endowment (FFE) will be transferred from University Development's restricted gift account. These funds represent proceeds from a bequest from Mrs. Wolfson's estate. Additional gifts can be added to this FFE. Consistent with the purpose of the underlying restricted gifts, the endowment income will be used to enhance the sport of dressage at the discretion of the McPhail Dressage Chair in Equine Sports Medicine in the College of Veterinary Medicine. Provost Kim A. Wilcox has approved this recommendation of Dr. Chris M. Brown, Dean of the College of Veterinary Medicine.

cc: C. Brown, D. Denovich, G. Klein, K. Lindahl, K. Wilcox

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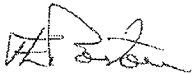
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**MICHIGAN STATE**  
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June 11, 2007



**MEMORANDUM**

**To:** Trustee Finance Committee  
**From:** Fred L. Poston   
**Subject:** New Investment Manager – Blackstone Real Estate Advisors

**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends to the Board of Trustees the selection of Blackstone Real Estate Advisors as an inflation hedge manager.

**BACKGROUND**

Blackstone Real Estate Advisors (Blackstone) is seeking \$10 billion for Blackstone Real Estate Partners VI, L.P. (the Fund) which will invest in temporarily impaired or flawed institutional-quality real estate assets and portfolios. The Fund will co-invest between 10% and 20% of all capital in all investments made by Blackstone Real Estate Partners International which focuses on European assets.

Blackstone's large experienced team distinguishes it from its competitors. All but one of the Funds' seven investment committee members have at least ten years experience at Blackstone. In addition, Blackstone can leverage the deal network and transactional skills of its private equity team.

Cambridge Associates advises that an investment in Blackstone Real Estate Partners VI, L.P. will provide MSU with quality exposure to a solid team that has demonstrated strong performance. The administration plans to invest \$8 million in the fund.

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

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**MICHIGAN STATE**  
UNIVERSITY

June 6, 2007

**MEMORANDUM**

**To:** Trustee Finance Committee

**From:** Fred L. Poston 

**Subject:** **Authorization to Plan**  
Emmons Hall - Renovations



**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 Emmons Hall - Renovations.

**BACKGROUND**

**Program Need:**

The Division of Housing and Food Services has identified Emmons Hall, constructed in 1955, as the next residence hall in a series of six halls in the Brody complex requiring major renovation.

**General Description of the Project:**

Planning will include a review of a variety of student room and bathroom configurations and accompanying furnishings. The project also includes addressing the Just-In-Time needs of the hall such as major mechanical, electrical and ventilation upgrades and JIT needs related to the exterior repair of the building and building envelope. In addition, life safety systems and ADA code requirement improvements will be included as well as refuse and recycling areas. The major renovation will also include the installation of a freight elevator, asbestos abatement, lighting upgrades, and other related renovation improvements.

Emmons Hall is located on the west side of Harrison Road in the southeast corner of the Brody Complex, in the Residential District. The location of this project is consistent with the Campus Master Plan.

**Communication Plan:**

During the planning phase, students, faculty, staff, and other interested parties will be given an opportunity to provide feedback on the project as it is being designed. Input from the project planning team will 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 \$14,000,000.

The source of funds for this project is expected to be from a tax-exempt bond offering with initial funding and debt repayment from the General Fund.

cc: D. Brower, R. Flinn, J. Kacos, G. Klein, W. Latta, K. Lindahl, M. McCabe, J. Mumma, R. Nestle, D. Quinney, H. M. Rice, S Margraves, N. Carter

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**MICHIGAN STATE**  
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June 6, 2007

**MEMORANDUM**

**To:** Trustee Finance Committee

**From:** Fred L. Poston 

**Subject: Authorization to Plan**  
*The School of Hospitality Business – Culinary Management Education Laboratory Renovations*



**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 *The School of Hospitality Business – Culinary Management Education Laboratory Renovations*.

**BACKGROUND**

**Program Need:**

The School of Hospitality Business is in need of state-of-the-art teaching and production laboratories and an amphitheater to remain competitive in the world of hospitality education.

**General Description of the Project:**

The Culinary Management Education Laboratory is located on the garden level of the Kellogg Center. The current laboratories comprise of approximately 10,000 square feet and include two food laboratory kitchens that can accommodate 20-25 students each, an 85-seat amphitheater classroom, a 60-seat dining room, and a small conference room.

The planning of this project is anticipated to include renovations to the entire lab including the dining room, amphitheater, conference room, and entrance. The production and teaching kitchens will be renovated to a contemporary industry standard that will vastly enhance the ability to teach and prepare students for the hospitality businesses in which they will be employed.

The Kellogg Center is located on the southeast corner of Harrison Road and Michigan Avenue in the Residential District. The location of this project is consistent with the Campus Master Plan.

**Communication Plan:**

During the planning phase, faculty, staff, and students in *The School of Hospitality Business*, the Kellogg Center, and the Resource Center for Persons with Disabilities 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.



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**Preliminary Project Cost Information:**

Based on cost experience for similar projects and current pricing information, the preliminary project cost estimate is \$4,400,000.

The source of funds for the project is expected to be from donations. The project will be divided into three phases beginning with the amphitheater/entrance, then the dining room, and finally the two kitchens.

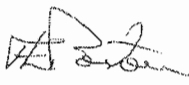
cc: D. Brower, R. Flinn, J. Kacos, G. Klein, W. Latta, K. Lindahl, M. McCabe,  
J. Mumma, R. Nestle, D. Quinney, R. Cichy, R. Duncan

CP07023

**MICHIGAN STATE**  
UNIVERSITY

June 6, 2007

**MEMORANDUM**

**To:** Trustee Finance Committee  
**From:** Fred L. Poston   
**Subject:** **Authorization to Plan**  
T.B. Simon Power Plant – Coal Handling 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 T.B. Simon Power Plant – Coal Handling Improvements.

**BACKGROUND**

**Program Need:**

The existing coal handling system at the T.B. Simon Power Plant can only receive approximately 40 coal cars for processing at any time. The national rail delivery service standard is at least 75 cars, which requires the University to pay a premium for the single rail car rate.

**General Description of the Project:**

The planning of this project is anticipated to include replacement of the existing coal handling equipment, expansion of the rail yard to accommodate more cars, covered storage or silos for coal, possible alternative fuel handling, and a faster rail car unloading system. This project would provide increased power plant operational reliability, address several environmental concerns, and provide overall cost savings to the University. The proposed coal handling system would drastically reduce the potential for fugitive dust, coal pile runoff, and coal pile contamination which are regulated items by the Michigan Department of Environmental Quality (MDEQ).

The T.B. Simon Power Plant is located on the south side of Service Drive in the Service District. The location of this project is consistent with the Campus Master Plan.

**Communication Plan:**

During the planning phase, the campus community 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 \$20,000,000.

The source of funds for this project is expected to be from a tax-exempt bond offering with initial funding and debt repayment from the General Fund.

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

CP07177



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**MICHIGAN STATE**  
UNIVERSITY

June 6, 2007



**MEMORANDUM**

**To:** Trustee Finance Committee

**From:** Fred L. Poston

A handwritten signature in black ink, appearing to read "Fred L. Poston".

**Subject:** **Authorization to Plan**  
West Circle Housing Complex - Steam, Electrical, and Water Distribution Enhancements

**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 West Circle Housing Complex - Steam, Electrical, and Water Distribution Enhancements.

**BACKGROUND**

**Program Need:**

As part of Just-In-Time maintenance, several infrastructure components identified in the West Circle Housing Complex need to be enhanced and/or replaced. The steam distribution lines in this area were installed in 1930 and are deteriorating. The steam lines are direct buried, shortening the lifecycle and making maintenance more difficult. The water capacity in this area needs to be increased. 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.

**General Description of the Project:**

The planning of this project is anticipated to include the replacement of deteriorating direct buried steam and condensate lines, upgrades to the existing water main, upgrades to existing electrical substations, and the installation of a new communication duct bank in accordance with the fiber optic plan.

The project will include work from the west side of the Grand River Parking Ramp to Beal Street, located in the Residential and North Academic Districts.

**Communication Plan:**

During the planning phase, faculty and staff who work in this area, and students who live in the complex, 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. The planning, design, and construction process will be coordinated with the Mary Mayo Hall renovations.



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**Preliminary Project Cost Information:**

Based on cost experience for similar projects and current pricing information, the preliminary project cost estimate is \$7,500,000.

The source of funds for this project is expected to be from a tax-exempt bond offering with initial funding and debt repayment from the General Fund - Just-In-Time.

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

CP07075

**MICHIGAN STATE**  
UNIVERSITY

June 6, 2007

**MEMORANDUM**

**To:** Trustee Finance Committee

**From:** Fred L. Poston

**Subject:** **Project Approval - Authorization to Proceed**  
Kresge Art Center and Alumni Memorial Chapel – Electrical Substation Replacement



**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 Kresge Art Center and Alumni Memorial Chapel – Electrical Substation Replacement and to approve a budget of \$1,250,000.

**BACKGROUND**

**Program Need:**

The existing substations in the Kresge Art Center (installed in 1958) and the Alumni Memorial Chapel (installed in 1952) are inadequate to support the projected electrical loads for each building. They are also connected to the 4,160 volt distribution system that is being replaced by the 13,200 volt system as part of the long range electrical plan.

**Description of the Project:**

The Kresge Art Center and the Alumni Memorial Chapel are located on Auditorium Road in the North Academic District. This project involves the removal of existing electrical substations in Kresge Art Center and the Alumni Memorial Chapel and the installation of a new substation in the basement of Kresge Art Center, which will serve both buildings.

The Architect/Engineer for this project is Orion Engineering. The substation removal and installation will be completed by the Physical Plant.

**Communication Feedback:**

Faculty and staff who work in and adjacent to the Kresge Art Center and the Alumni Memorial Chapel 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 it meets 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 the building occupants and key administrators within the buildings.

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**Project Cost and Timetable:**

The budget for this Physical Plant performed project is \$1,250,000 which is being funded by the General Fund - Just-In-Time.

Construction is planned to begin in September 2007, will be substantially complete by November 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

CP6387

**MICHIGAN STATE**  
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June 6, 2007

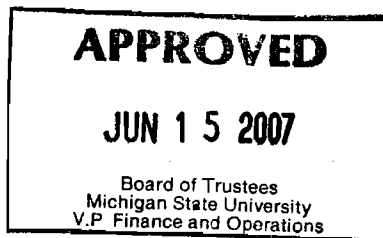
**MEMORANDUM**

**To:** Trustee Finance Committee

**From:** Fred L. Poston



**Subject:** **Project Approval - Authorization to Proceed**  
Auditorium – Electrical Substation Replacement



**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 Auditorium – Electrical Substation Replacement and to approve a budget of \$1,200,000.

**BACKGROUND**

**Program Need:**

The existing substation was installed in 1940 and is inadequate to support the current and projected electrical loads for the Auditorium building. It is also connected to the 4,160 volt distribution system that is being replaced by the 13,200 volt system as part of the long range electrical plan.

**Description of the Project:**

The Auditorium building is located on the southeast corner of Farm Lane and Auditorium Road in the North Academic District. This project involves the replacement of the electrical substation and connecting it to the higher voltage system to provide the building with the necessary power for the foreseeable future.

The Architect/Engineer for this project is Orion Engineering. The substation removal and installation will be completed by the Physical Plant.

**Communication Feedback:**

Faculty and staff who work in and adjacent to the Auditorium Building 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 it meets 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 the building occupants and key administrators within the Auditorium building.



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**Project Cost and Timetable:**

The budget for this Physical Plant performed project is \$1,200,000, which will be funded by the General Fund and a tax-exempt bond offering with initial funding and debt repayment from the General Fund – Just-In-Time.

Construction is planned to begin in September 2007, will be substantially complete by November 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, N. Carter

CP07120