12-15-2006

WMU Board of Trustees Formal Session
December 15, 2006

WMU Board of Trustees

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Acceptance of Agenda

Approval of the Minutes of the October 20 and October 27 Formal Sessions

Remarks by the Chair

Remarks by the President

Remarks by the WSA President and FSAC Chair

1. Resolution re Presidential Search

2. Sale of Property (Roll Call)

3. Reassignment of Assumption of Lease (Roll Call)

4. Lease Agreement between WMU and WMU Foundation re Building 126 (Roll Call)

5. Ratification of AFSCME Contract (Roll Call)

Consent Items (6-11)

6. Grant Report

7. Revised Research Misconduct Policy

8. Gift Report

9. Revised Annuity and Life Income Funds Investment Report

10. Personnel Report

11. Board Meeting Dates for 2007
MUSIC Report (Michigan Universities Self-Insurance Corporation)  
Cash Investments and Annuity Life Income Funds  
Performance Report  
Public Comments

Rinker  
Beam  
Holden
The Board of Trustees formal session was called to order by Chair Holden at 11:35 a.m. on Friday, December 15, 2006 in Rooms 157-159 Bernhard Center.

The agenda was accepted with the deletion of action #4 - Lease Agreement between WMU and WMU Foundation re Building 126.

Minutes of October 20 and October 27 formal sessions approved.

Remarks presented by Chair Holden, President Haenicke and WSA President Amanda Grove and GSAC Rosana Alsaud.

Resolution re presidential search presented by Trustee Toledo, vice chair of search advisory committee approved.

Sale of Property, Reassignment of Assumption of Lease, and Ratification of AFSCME Contract all approved on roll call votes 7-0 (with Trustee Miller not present).

Consent items approved as presented - grant report, revised research misconduct policy, gift report, revised annuity and life income funds investment report, personnel report, and board meeting dates for 2007.

MUSIC Report (Michigan Universities Self-Insurance Corporation) and Cash Investments and Annuity Life Income Funds Performance Report reviewed.

Public Comments. There were 6 public comment presenters-- Kevin Hinds re the Police Officers Association contract, Bryan Sutton re the approved AFSCME contract, and Sarah Murray, Amalia Moore, Ashleigh Verdier, and Emily Jones speaking in favor of the "Living Wage Campaign."

The meeting was adjourned at 12:50 p.m.

Betty Kocker
Secretary
Board of Trustees
RESOLUTION REGARDING PRESIDENTIAL SEARCH:
DESIRABLE PRESIDENTIAL CHARACTERISTICS AND QUALIFICATIONS

It is recommended that the following resolution be approved.

RESOLUTION

WHEREAS, the Board of Trustees has established a Presidential Search Advisory Committee (PSAC) with representative membership and that the charge of the PSAC is to serve in an advisory capacity to assist the Board in the identification of qualified candidates for the presidency; and

WHEREAS, the Board has directed that efforts and fulfillment of the PSAC's charge will include input from faculty, students, staff, community, and others regarding important qualities and characteristics they believe the next president of Western Michigan University should possess; to implement procedures in carrying out its charge that it deems to be in the best interest of the University to encourage and preserve interest by highly qualified individuals to be candidates for the presidency; that the PSAC shall conduct its efforts in such a manner as to enhance the stature of Western Michigan University; and

WHEREAS the PSAC has been working diligently in carrying out its charge, has conducted forums and has facilitated numerous other means that have produced and will continue to result in broad input and evaluation of important characteristics and qualifications of the University's next president, and

WHEREAS based on significant input as described above, the PSAC, together with the executive search firm engaged by the Board to assist in the search process, has summarized in a concise and comprehensive fashion a description of characteristics, criteria, and qualifications for the University's next president;

By this resolution, the Board of Trustees of Western Michigan University adopts the characteristics, criteria, and qualifications for the University's next president as set forth in the attached document.
WESTERN MICHIGAN UNIVERSITY
PRESIDENTIAL SEARCH

Western Michigan University is conducting a search for the eighth President in its 104 year history. Western’s Presidents have had an average tenure of fourteen years, and five have chosen to remain in Kalamazoo upon retirement. Western has a long tradition of attracting and keeping fine leaders through a mutual commitment to success. Our student-centered, research-focused university offers enormous opportunities for a leader with vision and creativity.

OUR NEXT PRESIDENT: CHARACTERISTICS

The next President of Western Michigan University must be a person of integrity who inspires trust and exhibits sound judgment and respect for the academic enterprise. She or he will be a leader who energizes Western’s long term vision, and inspires students, faculty, staff, alumni, community members and business leaders, as well as legislators and policy makers at the state and national levels, to work together for the good of the University and all we serve. Our next President will be visible, accessible, and approachable with all members of Western’s campus community.

The next President should have a demonstrated record of experiences appropriate to leading a large public university with a diverse student body, a wide range of academic programs, vibrant international programs, an extensive, expanding research agenda, and a growing collaboration with the business community. His or her record should include experiences dealing positively and successfully with both good times and tough times.

The next President must have earned a doctoral or appropriate terminal degree, and earned tenure in an academic setting, and/or have held top management positions - in the private sector, government, foundations or non-profit organizations - that have provided strong scholarship and academic background and experiences appropriate to being the leader of a growing, student-centered research university.

OUR NEXT PRESIDENT: CHALLENGES & OPPORTUNITIES

The next President of Western Michigan University will have a proven track record of addressing these priority areas: Refocusing the university’s sense of mission, particularly on academic quality and research support; undergraduate, graduate and international student retention and recruitment; rebuilding trust both on campus and in the region and state that we serve; increased state support, including sound financial planning; and reaching out to our region for collaboration and economic development. In addition to our priority areas, candidates may wish to emphasize their strengths regarding the following specific topics that have come up in the discussions around campus about our next President.

• GROWING AND MANAGING ENROLLMENT
  Substantive, successful plans for retaining and attracting students
  Responsiveness to student concerns
Commitment to student service infrastructure
Connections with local school districts and large districts around the state
Efficient transfer of credits from regional community colleges
Ambition to reach out to international students around the globe

• SUPPORTING RESEARCH, SCHOLARSHIP AND CREATIVE ACTIVITIES
  Increase Western’s national and international research impact
  Retain and recruit productive new faculty
  Lead the innovative pursuit of federal and foundation research funding
  Reinforce the infrastructure that enables pursuit of external funding
  Grasp state and national political processes and higher education issues

• ACADEMIC GROWTH AND DEVELOPMENT
  Emphasize academic quality and instructional excellence
  Sharpen the focus of Western’s five and ten year plans
  Recruit and develop faculty who are globally competent
  Facilitate interdisciplinary collaboration
  Promote the study abroad program

• THE CAMPUS AS A COMMUNITY
  Approachability with students, undergraduate and graduate
  Commitment to shared governance
  Familiarity with labor and union relationships
  Emphasis on diversity and global awareness

• UNIVERSITY-COMMUNITY PARTNERSHIPS
  Role of the university in regional economic development
  Involvement of businesses and other community organizations
  Role of athletics in building student, alumni, and community loyalty
  The university as a regional center for the creative and performing arts

• MANAGEMENT SKILLS
  Experience with large, complex budgets and fiscal challenges
  Aggressive strategies for pursuing state appropriations
  Team building and effective delegation
  Engage and involve alumni
  Endowment building
  Maintain and improve campus facilities

The Western Michigan University campus community looks forward to the arrival of its eighth President, a leader who shares our aspirations and creativity, and who will take us to that next level of excellence.
Western Michigan University
Board of Trustees

SALE OF PROPERTY (ROLL CALL)

Background

In June of 2001, Western Michigan University acquired approximately 32 acres of property from Marcia Husted. This property is located in Oshtemo Township and has frontage on both 8th Street and KL Avenue. It is immediately adjacent to the larger parcel of property WMU acquired from George Buckham.

The Administration is proposing to sell two 1.31 acre parcels (minimum per local ordinance) each with 207 feet frontage on 8th Street to two individuals who wish to build homes on these lots. If approved, the Administration would execute individual sales to Christine Ann Bastian and Suzanne K. Dziewicki. It is proposed that the lots be sold for the same amount per acre that WMU expended for the original purchase; that is, $12,052 ($9,200 per acre). This price is within a reasonable range of market value. The property would be sold "as is" in its present condition. It is anticipated that the sales would be finalized in early 2007.

The Administration recommends approval of the sale of these two parcels as well as the authority to grant a construction easement so that preliminary site work can commence.

Recommended Motion

It is recommended that the Board of Trustees authorize the treasurer or assistant treasurer to execute the necessary documents to effect two sales of 1.31 acres each to Christine Ann Bastian and Suzanne K. Dziewicki for the amount of $12,052 for each parcel; and the Board authorizes the treasurer or assistant treasurer to execute a construction easement to Christine Ann Bastian so the site work may begin before the sale is finalized.
Western Michigan University
Board of Trustees

Agenda Item No. 3
December 15, 2006

RESOLUTION re ASSIGNMENT AND ASSUMPTION OF LEASE

Background

At its November 30, 2006 meeting the Western Michigan University Foundation (WMUF) purchased 100% of a membership interest of a limited liability company (LLC), Stadium & Drake II and acquired the property known as the Stadium Drive West Mobile Home Park. A billboard leased to Adams Outdoor Advertising is also included with this property. We believe it is in our best interest to accept the transfer of ownership of the billboard lease and, therefore, recommend that the Board of Trustees approve the transfer and assignment of the Adams Outdoor Advertising lease from the WMUF to Western Michigan University.

Recommended Action

It is recommended that the Board of Trustees approve the transfer and assignment of the Adams Outdoor Advertising lease from the WMUF to Western Michigan University.
On December 16, 2005 the Western Michigan University Foundation entered into a purchase and sale agreement with Pfizer for Building 126. This agreement also provides for the lease of 150 parking spaces. At the time of the agreement, this building was a single tenant facility physically linked to the Pfizer downtown campus as well as being served by Pfizer’s owned, off-site utility plant. A $500,000 deposit was provided and closing needs to occur by December 31, 2006. The purchase price is $3.8 million. The Foundation also committed to additional costs for renovation and establishing the building as a stand-alone multi-tenant lab facility. For both acquisition and capital costs, the Foundation limited its total investment to $9.5 million.

The building itself comprises 154,000 square feet in 5 stories located in downtown Kalamazoo. Originally constructed in 1964, this facility was extensively renovated in 1998-2002 by Pfizer, who invested $35 million to bring it up to “like new” condition. Of the 100,000 net square feet in the building, 51,000 square feet is lab space, 9,200 square feet is office space and 26,000 square feet is building support space. The intent is to allocate at least 80% of the space to house private-sector science companies with the balance allocated to the University’s faculty with entrepreneurial interests.

During the past year, work has proceeded to renovate the structure into a stand-alone multi-tenant facility. A $2 million award was received from the State’s 21st Century Jobs Fund to be used for renovation costs. An agreement has almost been finalized which allows the facility to continue to be served by Pfizer’s utility plant. Ongoing conversations are occurring with private parties who have an interest in leasing space in the facility. The purchase will be consummated this month.

At this time, there is an interest for the University to lease the premises from the Foundation with the intent for the University to manage the property and enter into subleases with tenants.

The base rent is for $1 per year with the University obligated to pay for all other charges under this lease, which includes the operating costs of the facility. The lease term shall continue until either party provides 90-days’ prior written notice of their intent to terminate the lease.

It is expected that the building will be ready for occupancy in June 2007. The University plans on actively marketing the facility prior to its opening to secure tenants who have expertise in the biosciences.

Recommended Action

We recommend that the Board of Trustees authorize the administration to enter into the attached lease agreement between Western Michigan University and the Western Michigan University Foundation for Building 126, however, the administration is also authorized to make revisions it deems to be in the best interests of the University.
LEASE AGREEMENT

THIS LEASE AGREEMENT is made effective as of ____________, 2006 (the “Effective Date”), by and among WESTERN MICHIGAN UNIVERSITY FOUNDATION, a Michigan nonprofit corporation (“Landlord”), the BOARD OF TRUSTEES OF WESTERN MICHIGAN UNIVERSITY, a Michigan constitutional body corporate (“Tenant”).

In consideration of the terms and conditions contained herein, the parties agree as follows:

1. Leased Premises. Landlord hereby leases to Tenant and Tenant hereby rents from Landlord, 121 Lovell Street, Kalamazoo, Kalamazoo County, Michigan and more fully described on Exhibit “A” attached hereto, and all improvements, hereditaments, fixtures and appurtenances thereto, including without limitation the structure known as “Building 126” and the parking area leased by Landlord from Pharmacia & Upjohn Company, LLC, a Delaware limited liability company (“P&U”), pursuant to a Lease dated as of December ___, 2006 (the “Leased Premises”). Tenant accepts the Leased Premises in the current condition, “as is” and “where is”.

2. Term. The term of this Lease shall commence on the date hereof and shall continue thereafter until terminated by Landlord or Tenant upon ninety (90) days’ prior written notice to the other party.

The obligation of Tenant hereunder shall be subject to the approval of this Lease by the Board of Trustees of Western Michigan University on or before June 30, 2007.

3. Rent.

A. Base Rent. Tenant shall pay to Landlord monthly rental of $1.00 per year for each year during the term of this Lease (“Base Rent”).

B. Additional Rent. In addition to Tenant’s obligation to pay Base Rent, Tenant shall be obligated to pay all other charges under this Lease, including without limitation any maintenance charges, taxes, insurance, parking lot costs and other charges such that this Lease is considered for all purposes to be a triple net lease (“Additional Rent”, and together with Base Rent, the “Rent”).

4. Restriction on Use. Tenant shall not use the Leased Premises in any manner which is in violation of any federal, state or local law, ordinance or regulation.

5. Utilities

A. Temporary Utilities. P&U, in accordance with the terms and conditions of that certain Purchase and Sale Agreement dated as of December 16, 2005, between the Company, as Seller, and Landlord, as Purchaser, is obligated for the use of chilled water, steam and compressed air (the “Temporary Utilities”). Landlord hereby assigns rights to such utilities, and Tenant hereby assumes such rights and obligations and agrees to pay for and comply with all requirements set forth for the Temporary Utilities.

B. Other Utilities. In addition to the Temporary Utilities, Tenant shall pay for all costs of all other utilities and services attributed to the Leased Premises, including without...
limitation, heat, air conditioning, gas, water, refuse and snow removal, electricity, telephone, cable television, computer access and janitorial services.

6. **Maintenance and Repair.** Tenant shall keep and maintain (including all necessary repairs and replacements) the Leased Premises and every part thereof and any alterations and additions to the Leased Premises in good order, condition and repair, and clean and free from trash, rubbish and noxious odors; provided, Tenant may delegate this responsibility to one or more subtenants. If Landlord reasonably determines any unperformed cleaning, maintenance, repairs or replacements of Tenant necessary, it may demand that Tenant make the same. If Tenant refuses or neglects to do so with reasonable dispatch, Landlord may, at Tenant's expense, make or cause such reasonable cleaning, maintenance, repairs or replacements to be made and shall not be responsible to Tenant for any loss or damage that may accrue to Tenant's property or business by reason thereof. At the expiration of the term of this Lease, and any extensions, Tenant shall return the Leased Premises to Landlord in as clean and good condition as when taken by Tenant, subject to reasonable wear and tear.

7. **Improvements, Additions and Alterations.** Tenant may make any additions, improvements and alterations to the Leased Premises at Tenant's expense with approval of an officer of Landlord.

8. **Taxes.** Tenant shall be responsible for payment, if any, of the real estate taxes and any installments of special assessments levied against the Leased Premises and coming due during the term of this Lease, or any extensions thereof. Tenant shall also pay all personal property taxes levied against any equipment or personal property of Tenant and contained in or on the Leased Premises.

9. **Insurance and Indemnity.**

   A. **Covenant to Hold Harmless.** To the extent permitted by applicable law, Tenant shall defend, indemnify and hold harmless Landlord, from any liability for damages or injury to the Leased Premises and to any person or any property in or upon the Leased Premises or any common areas, including the person and property of Tenant, and its employees and all persons in the building at its or their invitation or with their consent except damages or injury caused by the gross negligence or willful misconduct of Landlord. All property kept, stored or maintained in the Leased Premises shall be so kept, stored or maintained at the risk of Tenant only. Tenant shall not suffer or give cause for the filing of any lien against the Leased Premises.

   B. **Fire and Casualty.** Tenant shall be responsible for obtaining and maintaining a policy of fire and casualty insurance with extended coverage provisions applicable to the Leased Premises in the amount reasonably determined by Landlord. Tenant shall be responsible for obtaining a policy of fire and casualty insurance protecting Tenant against loss or damage to Tenant’s furnishings, fixtures, equipment and personal property in or on the Leased Premises.

   C. **Tenant’s Obligation to Carry Public Liability Insurance.** Tenant shall keep, during the entire term hereof, in full force and effect a policy of public liability insurance with respect to the Leased Premises and the business operated by Tenant in the Leased Premises, and in which the limits of liability shall not be less than $1,000,000 single limit coverage, or such greater amount as reasonably determined by Landlord from time to time, naming Landlord as an additional insured. Such insurance coverage may be obtained by Tenant under any blanket or umbrella policy.
secured by Tenant or under a separate policy therefor. Tenant shall furnish Landlord with a
certificate or certificates of insurance or other acceptable evidence that such insurance is in force at
all times during the tenancy of this Lease. All policies relating to the Leased Premises shall contain
a provision that the policy shall not be modified or canceled unless the insurer first gives Landlord
at least thirty (30) days’ prior written notice.

D. Waiver of Subrogation Rights Under Insurance Policies. Landlord and
Tenant hereby waive all rights of recovery which either might otherwise have against the other, and
its trustees, officers, partners, agents, employees, students, invitees, guests, or licensees, for any
damage to their property which is covered by a policy of insurance, notwithstanding that such
damage may result from the negligence or fault of one of them, or its trustees, officers, partners,
agents, employees, students, invitees, guests, or licensees; provided, however, that this waiver shall
be effective only with respect to losses or damages occurring where this waiver will not affect the
right of the insured to recover under the applicable policy of insurance. The parties agree to acquire
policies of insurance containing standard waiver of subrogation clauses or endorsements so long as
such clauses or endorsements are generally available in the insurance industry.

10. Signage. Tenant shall be entitled to display any sign or signs advertising Tenant’s
operations at the Leased Premises as shall be permitted by applicable laws and ordinances.

11. Condemnation. In the event a part of the Leased Premises shall be taken under the
power of eminent domain by any legally constituted authority, and there remains a sufficient
amount of space to permit Tenant to carry on its business in a manner comparable to that which it
has become accustomed, then this Lease shall continue, but the obligation to pay rent on the part of
Tenant shall be reduced in an amount proportionate to the square footage of the entire Leased
Premises relative to the square footage taken by such condemnation. In the event all of the Leased
Premises shall be taken, or so much of the Leased Premises taken that it is not feasible to continue a
reasonably satisfactory operation of the business of Tenant, then Tenant shall have the option of
terminating this Lease. Such termination shall be without prejudice to the rights of either Landlord
or Tenant to recover compensation from the condemning authority for any loss or damage caused
by such condemnation. Neither Landlord nor Tenant shall have any right in or to any award made
to the other by the condemning authority.

12. Destruction. In the event the Leased Premises are damaged by fire or other casualty
(i) Landlord may elect to make repairs or rebuild in its sole discretion and this Lease shall continue
in full force and effect, or (ii) Landlord may, in its sole discretion, elect to terminate this Lease and
give written notice thereof to Tenant. Until such repairs are completed, the rent and other amounts
payable hereunder shall be abated in proportion to the area of the Leased Premises which is
rendered unusable by Tenant in the conduct of its business.

13. Bankruptcy or Insolvency. Neither this Lease nor any interest therein, nor any estate
thereby created, shall pass to any trustee or receiver or assignee for the benefit of creditors or
otherwise by operation of law. In the event the estate created hereby shall be taken in execution or
by other process of law, or if Tenant shall be adjudicated insolvent or bankrupt pursuant to the
provisions of any state or federal insolvency or bankruptcy act, or if a receiver or trustee of the
property of Tenant shall be appointed by reason of Tenant’s insolvency or inability to pay its debts,
or if any assignment shall be made of Tenant’s property for the benefit of creditors, then and in any
such event, Landlord may terminate, at its option, this Lease and all rights of Tenant hereunder, by
giving to Tenant notice in writing of the election of Landlord to so terminate.
14. **Assignment and Subletting.** Tenant shall be permitted to assign and/or sublet its interest in this Lease upon prior written notice to Landlord.

15. **Default of Tenant.** Tenant shall be deemed to be in default under this Lease upon occurrence of any of the following events: (a) any failure of Tenant to pay any rental installment due hereunder within thirty (30) days after the same shall be due and written notice thereof has been given by Landlord to Tenant, or (b) any failure of Tenant to perform any other of the terms, conditions or covenants of this Lease for more than sixty (60) days after written notice of such default shall have been received by Tenant (unless such default requires work to be performed, acts to be done or conditions to be remedied which by their nature cannot be performed, done or remedied, as the case may be, within such sixty (60) day period and Tenant shall commence the same within such sixty (60) day period and thereafter shall continuously process the same to completion, in good faith), or (c) if Tenant shall abandon the Leased Premises, or suffer this Lease to be taken under any writ of execution.

16. **Remedies Upon Default.** Upon the occurrence of any of the events of default described in the preceding Section, Tenant shall be deemed to be in default of this Lease and Landlord may, at its option, without notice or demand of any kind to Tenant or any other person, have any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity:

   A. Terminate this Lease, repossess the Leased Premises and be entitled to recover immediately, as liquidated agreed final damages, in lieu of any further deficiencies, the total Rent to be paid by Tenant during the balance of the Term of this Lease, less the fair rental value of the Leased Premises for said period, together with any other sum of money owed by Tenant to Landlord.

   B. Terminate Tenant’s right of possession and repossess the Leased Premises without demand or notice of any kind to Tenant and without terminating this Lease, in which case Landlord shall attempt to relet the Leased Premises for such rent and upon such terms as shall be satisfactory to Landlord. For the purposes of such reletting, Landlord may make such repairs, alterations, additions, or physical changes in or to the Leased Premises as may be necessary or convenient. If Landlord shall be unable to relet the Leased Premises, then Tenant shall pay to Landlord as damages the total Rent to be paid by Tenant during the balance of the Term of this Lease which shall be immediately due and payable from Tenant to Landlord upon demand. If the Leased Premises are relet and a sufficient sum shall not be realized from the reletting, after payment of all costs and expenses of such repairs, alterations, additions, or physical changes and the expense of such reletting and the collection of rent occurring therefrom, to satisfy the Rent herein provided to be paid during the remainder of the Term, Tenant shall satisfy and pay any such deficiency upon demand. Tenant agrees that Landlord may file suit to recover any sums falling due under the terms of this paragraph from time to time and that any suit or recovery of any portion due Landlord hereunder shall be no defense to any subsequent action brought for any amount not theretofore reduced to judgment in favor of Landlord.

   C. Landlord’s rights, remedies and benefits provided by this Lease shall be cumulative and shall not be exclusive of any other rights, remedies and benefits allowed by law.
Upon reentry, Landlord may remove all persons and property from the Leased Premises and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Tenant. Tenant shall pay upon demand all reasonable attorneys' fees and expenses incurred by Landlord in enforcing any provision of this Lease.

17. **Quiet Enjoyment.** Upon payment by Tenant of the Rent herein provided, and upon the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy the Leased Premises for the term hereof without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under Landlord, subject, nevertheless, to the terms and conditions of this Lease.

18. **Right of First Refusal.** Should Landlord seek to sell all or any part of the Leased Premises, Landlord shall first offer to sell such real property to Tenant. Notice of a proposed sale shall be given to Tenant and shall consist of an offer to sell such real property to Tenant upon the same terms and conditions as proposed to the bona fide purchaser. Tenant may exercise its right of first refusal by delivery of written notice thereof to Landlord within thirty (30) days after receipt of such offer. Notice shall specify the date for closing within thirty (30) days thereafter and the purchase shall be completed upon the same terms and conditions as contained in such offer, except as may be otherwise agreed upon by the parties. The right of first refusal granted herein shall extend only for the terms of this Lease and any extension. The right of first refusal shall terminate and may not be exercised by Tenant if Tenant shall have defaulted in any of the material provisions contained in this Lease and such default has not been cured by Tenant at the time of Tenant's attempt to exercise.

19. **Option to Purchase.** Tenant shall have an option to purchase the Leased Premises in accordance with the following terms and conditions (the “Option”):

A. **Grant of Option.** So long as Tenant is not in default under any of the terms and conditions of the Lease, Landlord hereby grants Tenant the exclusive right and option to purchase the Leased Premises as set forth herein. From and after the date that Tenant is served a Notice of Default or a Notice of Termination of this Lease, Tenant’s Option to Purchase shall be deemed forever released and waived.

B. **Term of Option.** The Option granted herein shall be exercisable until expiration or termination of this Lease or until the Option is released or discharged as provided in the preceding paragraph.

C. **Purchase Price.** The purchase price upon exercise of this Option (the “Purchase Price”) shall be determined by an independent real estate appraiser mutually acceptable to Landlord and Tenant. Should either Landlord or Tenant disagree with the appraised value, such disagreeing party may obtain another appraisal by an independent real estate appraiser mutually acceptable to Landlord and Tenant, and the Purchase Price shall be the average of the two appraisals. Landlord and Tenant shall share equally the costs of such appraisals.

D. **Exercise of Option.** The Option granted herein shall be exercised by the giving of written notice to Landlord by certified mail, return receipt requested. Notice shall be deemed given on the day that the notice is received by Landlord.
E. **Conveyance.** If this Option is exercised, the purchase and sale of the Leased Premises shall be made in accordance with the following terms and conditions:

1. Landlord shall obtain and deliver to Tenant a commitment for an owner's policy of title insurance, bearing a date subsequent to the exercise of the Option, for Tenant's examination. Tenant shall raise any objections to title within seven (7) days from receipt of the title insurance commitment. If Tenant fails to raise any objections within such period, Tenant's right to object shall be deemed waived and Tenant shall be required to accept title in its then existing condition. Should Tenant raise an objection to title, within the required period, Landlord shall have thirty (30) days from the date of receipt of said objection to cure any defects in title. If Landlord is unable to cure said defects within such period, Tenant shall have the right to either accept such title as Landlord can convey or terminate this Option by providing written notice to Landlord. At closing, Landlord shall provide Tenant with an owner's policy of title insurance, with standard exceptions, in the full amount of the purchase price.

2. At closing, Landlord shall convey title to the Leased Premises by warranty deed, subject to easements, restrictions, and all matters of record and matters approved or waived by Tenant that are disclosed by the title insurance commitment. Tenant shall pay the Purchase Price, as adjusted, to Landlord in cash or cash equivalent.

3. As provided in the Lease, Tenant shall be responsible for all real estate taxes and special assessments.

4. Closing shall occur within thirty (30) days from the date the Option is exercised, unless an extension of such time is needed for Landlord to fulfill any of the contingencies set forth herein.

20. **Waiver.** One or more waivers of any covenant or condition by Landlord shall not be construed as a waiver of a subsequent breach of the same covenant or conditions, and the consent or approval by Landlord to or of any act of Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord’s consent or approval to or of any subsequent similar act by Tenant.

21. **Notices.** All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed given: (a) when personally delivered to the party to be given such notice or other communication; (b) on the business day that such notice or other communication is sent by facsimile or similar electronic device, fully prepaid, which facsimile or similar electronic communication shall promptly be confirmed by written notice; (c) on the third business day following the date of deposit in the United States mail if such notice or other communication is sent by certified or registered mail with return receipt requested and postage thereon fully prepaid; or (d) on the business day following the day such notice or other communication is sent by reputable overnight courier, to the address set forth below or to such other address as the parties may designate in writing:
22. **Construction.** Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or partnership or of joint venture between the parties hereto, it being understood and agreed that neither the method of computation of rent, nor any other provision contained herein, nor any acts of the parties herein, shall be deemed to create any relationship other than Landlord and Tenant. Whenever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders.

23. **Partial Invalidity.** If any term, covenant or condition of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby.

24. **Holding Over.** Any holding over after the expiration of the term hereof, with or without the consent of Landlord, shall be construed to be a tenancy for month-to-month at the rents herein specified (prorated on a monthly basis) and shall otherwise be on the terms and conditions herein specified so far as applicable.

25. **Successors.** This Lease shall be binding upon and inure to the benefit of Landlord and Tenant and their respective successors, assigns, guardians, heirs and legal representatives. If there is more than one Tenant, they shall each be bound jointly and severally by the terms, covenants and agreements herein.

26. **Accord and Satisfaction.** No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord shall accept such check or payment without prejudice to Landlord’s right to recover the balance of such rent or to pursue any other remedy provided in this Lease.

27. **Entire Agreement and Amendment.** This Lease contains the entire agreement with respect to the matters described herein and is a complete and exclusive statement of the terms thereof and supersedes all previous agreements with respect to such matters. This Lease may not be altered or modified except by a writing signed by Landlord and Tenant.
AFSCME Agreement (ROLL CALL)

Background

On Thursday, November 9, 2006, Western Michigan University and the American Federation of State, County, and Municipal Employees (AFSCME) Local 1668 reached a tentative agreement on a three-year labor contract. AFSCME bargaining unit members ratified the contract on Monday, November 27, 2006 by a three to one margin.

Recommended Motion

The Administration recommends that the Board of Trustees approve the three-year labor agreement between Western Michigan University and the American Federation of State, County, and Municipal Employees (AFSCME) Local 1668.
Western Michigan University
Board of Trustees

Agenda Item No. 6

Grant Report

Background

The grant report for the month of October 2006 indicates a total of $2,890,735.00 in externally funded awards. The year-to-date total is $17,081,371.46.

October 2006

Awards by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>0.00</td>
</tr>
<tr>
<td>Research</td>
<td>1,982,628.00</td>
</tr>
<tr>
<td>Public Service</td>
<td>526,600.00</td>
</tr>
<tr>
<td>Academic Support</td>
<td>381,507.00</td>
</tr>
<tr>
<td>Student Services</td>
<td>0.00</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>0.00</td>
</tr>
<tr>
<td>Operations and Maintenance of Plant</td>
<td>0.00</td>
</tr>
<tr>
<td>Scholarships and Fellowships</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total for October 2006</strong></td>
<td><strong>$2,890,735.00</strong></td>
</tr>
</tbody>
</table>

Notable awards for this period were from the U.S. Department of Education, National Endowment for the Humanities, Michigan Department of Education, Michigan Department of Labor and Economic Growth, University of North Carolina at Charlotte, University of Michigan, AureoGen Biosciences, Inc., Third Wave Systems, Inc., and American Physical Society.

Recommended Motion

It is recommended that the grant report for October 2006 be approved.
Western Michigan University Grants Awarded

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>SPONSOR</th>
<th>DIRECTOR</th>
<th>AMOUNT</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To build the mathematics content knowledge of participating teachers from Muskegon Public Schools grades 5-8 (New)</td>
<td>Michigan Department of Education</td>
<td>Dr. Ruth Ann Meyer, Mrs. Sandra R Madden</td>
<td>$672,887.00</td>
<td>10/4/2006</td>
</tr>
<tr>
<td>To provide knowledge generation, capacity building and wide scale dissemination and outreach to states and local schools regarding effective transition education and services for disabled youths (Non-Competing Continuation)</td>
<td>University of North Carolina at Charlotte</td>
<td>Dr. Paula D Kohler</td>
<td>$273,583.00</td>
<td>10/6/2006</td>
</tr>
<tr>
<td>To prepare and support the full accreditation of two cohorts of fifteen special educators currently working on emergency or temporary certification (New)</td>
<td>U.S. Department of Education</td>
<td>Dr. Sarah Summy, Dr. Elizabeth Whitten</td>
<td>$192,794.00</td>
<td>10/12/2006</td>
</tr>
<tr>
<td>To conduct a summer institute for college and university teachers entitled &quot;The Cathedral and Culture: Medieval York&quot; (New)</td>
<td>National Endowment for the Humanities</td>
<td>Dr. Paul E Szarmach</td>
<td>$175,535.00</td>
<td>10/4/2006</td>
</tr>
<tr>
<td>To assist with the development of machining processes for silicon carbide and quartz in support of the US Department of Defense MDA program (New)</td>
<td>Third Wave Systems, Inc.</td>
<td>Dr. John A Patten</td>
<td>$150,000.00</td>
<td>10/9/2006</td>
</tr>
<tr>
<td>To revise the entry-level calculus-based physics course sequence required of teachers seeking secondary physics certification (Non-Competing Continuation)</td>
<td>American Physical Society</td>
<td>Dr. Alvin S Rosenthal, Dr. Robert H Poel</td>
<td>$120,000.00</td>
<td>10/3/2006</td>
</tr>
</tbody>
</table>
Western Michigan University Grants Awarded

Research

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>SPONSOR</th>
<th>DIRECTOR</th>
<th>AMOUNT</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>To collaborate on a research project aimed at cloning the NRPS complex genes responsible for the synthesis of Cyclosporin, HC toxin, Aureobasidin A and Vancomycin (Non-Competing Continuation)</td>
<td>AureoGen Biosciences, Inc.</td>
<td>Dr. John R Geiser, Biological Sciences</td>
<td>$119,019.00</td>
<td>10/9/2006</td>
</tr>
<tr>
<td>To develop surface roughness models that will improve the current predictive capability of roughness effects (Non-Competing Continuation)</td>
<td>Office of Naval Research</td>
<td>Dr. William W Liou, Mechanical and Aeronautical Engineering</td>
<td>$83,000.00</td>
<td>10/31/2006</td>
</tr>
<tr>
<td>To evaluate the science and mathematics professional development project at Michigan State University (Non-Competing Continuation)</td>
<td>Michigan State University</td>
<td>Dr. Mark Jenness, Ms. Cynthia Halderson, Mallinson Institute for Science Studies</td>
<td>$60,810.00</td>
<td>10/13/2006</td>
</tr>
<tr>
<td>To conduct key experiments and analyses in order to develop a life prediction model for spectrum loading (Non-Competing Continuation)</td>
<td>Office of Naval Research</td>
<td>Dr. Daniel Kujawski, Mechanical and Aeronautical Engineering</td>
<td>$33,990.00</td>
<td>10/26/2006</td>
</tr>
<tr>
<td>To evaluate Prevention Works' ATOD program for nomination as a Promising Program of the National Registry of Effective Programs established by DHHS and Mental Health Services (Non-Competing Continuation)</td>
<td>Prevention Works</td>
<td>Dr. Robert J Bensley, Health, Physical Education and Recreation</td>
<td>$25,000.00</td>
<td>10/6/2006</td>
</tr>
</tbody>
</table>
### Western Michigan University Grants Awarded

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>SPONSOR</th>
<th>DIRECTOR</th>
<th>AMOUNT</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>To examine child outcomes related to participation in Safe Start programs across the nation and describe promising approaches to ameliorating the impact of violence exposure on children (New)</td>
<td>RAND Corporation</td>
<td>Dr. James A Henry School of Social Work</td>
<td>$17,100.00</td>
<td>10/23/2006</td>
</tr>
<tr>
<td>To use Particle Image Velocimetry to measure air flows upstream from mass air flow sensors in automotive filter applications (New)</td>
<td>Mann+Hummel USA, Inc.</td>
<td>Dr. Parviz Merati Mechanical and Aeronautical Engineering</td>
<td>$16,000.00</td>
<td>10/24/2006</td>
</tr>
<tr>
<td>To support federally funded research on Healthy Child Eating Education for the USDA's WIC (Women, Infants and Children) nutrition program (Non-Competing Continuation)</td>
<td>Washington State Department of Health</td>
<td>Dr. Robert J Bensley Health, Physical Education and Recreation</td>
<td>$15,000.00</td>
<td>10/23/2006</td>
</tr>
<tr>
<td>To assist the Portage community in a phone survey of current residents (New)</td>
<td>City of Portage</td>
<td>Dr. Thomas L VanValey Sociology</td>
<td>$11,260.00</td>
<td>10/26/2006</td>
</tr>
<tr>
<td>To develop novel random search algorithms for model checking to be used in verification of safety properties of programs written in the C programming language (New)</td>
<td>NEC Laboratories America, Inc.</td>
<td>Dr. Zijiang Yang Computer Science</td>
<td>$10,000.00</td>
<td>10/4/2006</td>
</tr>
</tbody>
</table>
## Western Michigan University Grants Awarded

### Research

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>SPONSOR</th>
<th>DIRECTOR</th>
<th>AMOUNT</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>To characterize parameters of nonlinear hydraulic system behavior using recent advances in technology in order to provide effective control of hydraulic actuators (New)</td>
<td>National Fluid Power Association</td>
<td>Dr. Alamgir Choudhury</td>
<td>$5,050.00</td>
<td>10/9/2006</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dr. James W Kamman</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mechanical and Aeronautical Engineering</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To convert hydrogen-terminated diamond powder into amine-terminated diamond powder via a chlorine-terminated intermediate (New)</td>
<td>Sommer Materials Research, Inc.</td>
<td>Dr. John B Miller</td>
<td>$1,600.00</td>
<td>10/23/2006</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chemistry</td>
<td></td>
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</tr>
</tbody>
</table>

**TOTAL RESEARCH** $1,982,628.00

### Public Service

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>SPONSOR</th>
<th>DIRECTOR</th>
<th>AMOUNT</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>To examine the history of the American farm and provide workshops to teachers that approach the American farm as a way of understanding American history while emphasizing hands-on techniques for studying history (New)</td>
<td>National Endowment for the Humanities</td>
<td>Dr. Fredrick J Dobney</td>
<td>$224,867.00</td>
<td>10/31/2006</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dr. Lynne Heasley</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>History</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To provide a comprehensive parent support program and extend the reduced child care tuition rates to Pell eligible parents of preschoolers (Non-Competing Continuation)</td>
<td>U.S. Department of Education</td>
<td>Dr. Regena Fails Nelson</td>
<td>$117,937.00</td>
<td>10/23/2006</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Teaching, Learning and Educational Studies</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ms. Kathryn Mohney</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Children's Place</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Western Michigan University Grants Awarded**

**Public Service**

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>SPONSOR</th>
<th>DIRECTOR</th>
<th>AMOUNT</th>
<th>DATE</th>
</tr>
</thead>
</table>
| To support early college awareness and preparation activities through comprehensive mentoring, counseling, outreach and academic support services (New) | Michigan Department of Labor and Economic Growth | Ms. Erika Ann Carr  
Division of Multicultural Affairs | $81,880.00 | 10/16/2006 |
| To increase public perception that safety belt, child safety seats, impaired driving and red-light running is a priority for law enforcement in Kalamazoo County by September 30, 2007 (Competing Continuation) | Michigan Department of State Police | Mr. Robert J Brown  
Mr. Brian E Crandall  
Public Safety | $74,916.00 | 10/26/2006 |
| To reduce underage consumption and access of alcohol and reduce the number of alcohol-related traffic crashes, promoting community awareness (Competing Continuation) | Michigan Department of State Police | Mr. Robert J Brown  
Mr. Brian E Crandall  
Public Safety | $25,000.00 | 10/25/2006 |
| To perform an external evaluation of the Michigan Environmental Education Middle School Curriculum Module Development project, including instrument development, data collection, and reporting (Supplemental) | Central Michigan University | Dr. Mark Jenness  
Mallinson Institute for Science Studies | $2,000.00  | 10/27/2006 |

**TOTAL PUBLIC SERVICE** $526,600.00
## Western Michigan University Grants Awarded

### Academic Support

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>SPONSOR</th>
<th>DIRECTOR</th>
<th>AMOUNT</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>To encourage the enrollment of underrepresented students in Ph.D. programs and increase retention rates of the same population (Non-Competing Continuation)</td>
<td>University of Michigan</td>
<td>Dr. Susan R Stapleton The Graduate College</td>
<td>$139,480.00</td>
<td>10/13/2006</td>
</tr>
<tr>
<td>To encourage the enrollment of underrepresented students in Ph.D. programs and increase retention rates of the same population (Non-Competing Continuation)</td>
<td>University of Michigan</td>
<td>Dr. Susan R Stapleton The Graduate College</td>
<td>$137,828.00</td>
<td>10/13/2006</td>
</tr>
<tr>
<td>To introduce students traditionally underrepresented in higher education to the potential of a college education with an emphasis on awareness and readiness (Competing Continuation)</td>
<td>Michigan Department of Labor and Economic Growth</td>
<td>Ms. Erika Ann Carr Division of Multicultural Affairs</td>
<td>$104,199.00</td>
<td>10/27/2006</td>
</tr>
</tbody>
</table>

**TOTAL ACADEMIC SUPPORT** $381,507.00

**TOTAL WESTERN MICHIGAN UNIVERSITY GRANTS AWARDED** $2,890,735.00
REVISED RESEARCH MISCONDUCT POLICY

Background

Comparison Misconduct Policy

The current WMU Research Misconduct Policy was revised and recommended by the Faculty Senate on November 1, 2001, approved by President Floyd on January 6, 2002 and approved by the Board of Trustees on March 22, 2002.

On June 16, 2005 the ORI (Office of Research Integrity) (http://ori.dhhs.gov/misconduct/) made some changes in the requirements for policies. The WMU document is 69 pages long. The actual policy part is 19 pages, then much of the document is repeated in a procedural section. In reviewing the ORI sample policy and the policies of a number of universities that adopted the revised ORI policy, it was noted that many of the policies were short and readable. In conversations with the WMU Legal Affairs office, Eileen Evans and others at OVPR, it was decided to undertake a consolidation and revision of the policy rather than just revise to new ORI standards.

The chair of RPC appointed a subcommittee consisting of Bill Liou of Engineering, Len Ginsberg, Carrick Craig and Jay Wood to draft the revised policy. The new policy was based on examples from Berkeley, Northwestern and ORI sample as well as the current WMU policy. While the intent of the current policy is to apply to all researchers, the document is more suited to funded research and faculty research misconduct. The revised policy

• better addresses all research misconduct
• better addresses all researchers
• retains procedures for federal oversight of funded research
• is shorter and more readable
• incorporates latest ORI requirements

The revised policy has been approved by RPC and the Faculty Senate

Below is the 2002 version of the policy:

"This policy and the associated rules and procedures apply to all individuals at Western Michigan University engaged in funded research and sponsored programs or research intended for scholarly presentation, including that which is supported by or for which support is requested from PHS. The PHS regulation at 42 CFR Part 50, Subpart A applies to any research, research-training, or research-related grant or cooperative agreement with PHS. This policy applies, in addition, to any person paid by, under the control of, or affiliated with the institution, such as scientists, trainees, technicians and other staff members, students, fellows, guest researchers, or collaborators at Western Michigan University."
Below is 2006 version:

“It is the policy of WMU that research misconduct as defined by this document is prohibited. Researchers shall comply with all applicable laws, regulations and guidelines, University policies, and contractual and grant requirements. The research misconduct policy applies to all persons affiliated with WMU – faculty, students, other trainees, and all members of the research staff. Cases of research misconduct involving students are subject to the normal disciplinary rules governing students, but will be reviewed, as appropriate, under this policy. The policy applies to: (a) the conduct of research and/or related activities, whether or not the research is externally funded; (b) the presentation and/or publication of results; (c) the process of applying for funds; (d) the expenditure of project funds; and (e) the fiscal reporting on the use of project funds. Persons found to have committed research misconduct are subject to discipline, up to and including discharge or expulsion. In addition the findings will, where appropriate, be reported to external entities or authorities and the external entity or authority may take additional action. Disciplinary action proceedings shall be in accordance with applicable University policies, codes, procedures, and/or collective bargaining agreements.”

How do the June 16th ORI Requirements differ from old:

Applicability. The new rule includes PHS intramural research programs and contracts that support research, research training or activities that are related to research or research training. The new rule applies to an allegation that PHS-supported research involving journal peer review has been plagiarized. Section 93.102.

• Limitations period. Because of the problems that may occur in investigating older allegations and the potential unfairness to the respondent in defending against them, the new rule is limited to research misconduct occurring within six years of the date on which HHS or the institution receives the allegation of misconduct, unless: (1) the respondent continues or renews any incident of alleged research misconduct that occurred outside the six-year limit through the citation, republication or other use for the potential benefit of the respondent of the research record that is the subject of the allegation; (2) ORI, or the institution, following consultation with ORI, determines that the alleged misconduct, if it occurred, would possibly have a substantial adverse effect on the health or safety of the public; or (3) if HHS or the institution received the allegation before the effective date of the new rule. Section 93.105.

• Definition of Research Misconduct. Consistent with the Office of Science and Technology Policy (OSTP) government wide definition and guidelines on research misconduct, the new rule uses the term “research misconduct” rather than “misconduct” or “misconduct in science” and, among other changes, defines this term to include a new element: misconduct occurring in connection with the “reviewing” of research. The “other practices” part of the existing definition has been dropped. Section 93.103. Falsification, fabrication, and
plagiarism have also been separately defined.

• **Burden of Proof.** Consistent with the OSTP guidance that the exclusion of honest error or difference of opinion from the definition of research misconduct does not require HHS and the institutions to disprove possible honest error or difference of opinion, the new rule provides that these elements are an affirmative defense that the respondent has the burden of proving by a preponderance of the evidence. However, the institutions and HHS retain the burden of proving research misconduct by a preponderance of the evidence and any admissible, credible evidence the respondent submits to prove honest error or difference of opinion must be weighed in determining whether the institution and HHS have carried this burden. Sections 93.106(b)(1) and (2) and 93.516(b).

• **Institutional Responsibilities.** The new rule describes in greater detail the responsibilities of the institutions in responding to allegations of research misconduct. Institutions must take certain steps to ensure a fair and thorough investigation, such as securing the evidence and giving the respondent opportunities to access the evidence and comment on the investigational report. In addition, the new rule provides greater detail on ORI’s oversight of the institution’s investigation or other misconduct proceeding and the actions that ORI may take if an institution fails to comply with the rule. Specific institutional responsibilities are addressed in the Qs & As that follow. Subpart C, Sections 93.300 - 93.319.

**Recommended Motion**

It is recommended that the revised policy be approved.
Western Michigan University
Board of Trustees

Agenda Item No. 8
December 15, 2006

GIFT REPORT

Background

This report includes activity for the two month period ending November 30, 2006. The year-to-date total gifts, pledges and deferred commitments for the current period ending November 30, 2006 are $7,163,536. Information regarding major gifts for October and November is provided.

Recommended Motion

It is recommended that this gift report including activity for the months of October and November be approved.
## WESTERN MICHIGAN UNIVERSITY FOUNDATION
### GIFT REPORT

**WMU FOUNDATION GIFTS:**

<table>
<thead>
<tr>
<th>Cash</th>
<th>Deferred (CRT's &amp; Gift Annuities @ Fair Market Value)</th>
<th>Non-Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>$767,097</td>
<td>$24,297</td>
<td>$255,385</td>
</tr>
</tbody>
</table>

**Subtotal - Gifts Received by WMU Foundation**

<table>
<thead>
<tr>
<th></th>
<th>November 2006</th>
<th>Year-to-date 2006-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$1,046,779</td>
<td>$4,000,400</td>
</tr>
<tr>
<td>Deferred</td>
<td>$25,890</td>
<td>$78,598</td>
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</tbody>
</table>

**PAPER TECHNOLOGY FOUNDATION GIFTS**

**Total Gifts**

<table>
<thead>
<tr>
<th></th>
<th>November 2006</th>
<th>Year-to-date 2006-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Gifts</td>
<td>$1,557,612</td>
<td>$1,400,570</td>
</tr>
</tbody>
</table>

**PLEDGES & DEFERRED COMMITMENTS (WMU Fdn. & Paper Tech. Fdn.)**

<table>
<thead>
<tr>
<th></th>
<th>November 2006</th>
<th>Year-to-date 2006-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pledges</td>
<td>$1,072,669</td>
<td>$4,078,998</td>
</tr>
<tr>
<td>Deferred (Bequests &amp; Life Insurance)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total Pledges & Deferred Commitments**

<table>
<thead>
<tr>
<th></th>
<th>November 2006</th>
<th>Year-to-date 2006-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Pledges &amp; Deferred Commitments</td>
<td>$66,608</td>
<td>$3,084,538</td>
</tr>
</tbody>
</table>

**Total Gifts, Pledges & Deferred Commitments**

<table>
<thead>
<tr>
<th></th>
<th>November 2006</th>
<th>Year-to-date 2006-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$1,139,277</td>
<td>$7,163,536</td>
</tr>
</tbody>
</table>

### TOTAL GIFTS RECEIVED (YEAR TO DATE)

- $1 M +, $0
- $1 to $10K, $1,400,570
- $10K to $25K, $315,762
- $25K to $100K, $805,054
- $100K to $1 M, $1,557,612

### YEAR-TO-DATE

<table>
<thead>
<tr>
<th>Gift Level</th>
<th>Amount Received</th>
<th>Number of Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 M +</td>
<td>$ -</td>
<td>-</td>
</tr>
<tr>
<td>$100K to $1 M</td>
<td>$1,557,612</td>
<td>5</td>
</tr>
<tr>
<td>$25K to $100K</td>
<td>$805,054</td>
<td>19</td>
</tr>
<tr>
<td>$10K to $25K</td>
<td>$315,762</td>
<td>23</td>
</tr>
<tr>
<td>$1 to $10K</td>
<td>$1,400,570</td>
<td>10,910</td>
</tr>
<tr>
<td>Total</td>
<td>$4,078,998</td>
<td>10,957</td>
</tr>
</tbody>
</table>
## WESTERN MICHIGAN UNIVERSITY FOUNDATION
### GIFT REPORT

#### WMU FOUNDATION GIFTS:

<table>
<thead>
<tr>
<th>Cash</th>
<th>Deferred (CRT's &amp; Gift Annuities @ Fair Market Value)</th>
<th>Non-Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>$807,132</td>
<td>$10,000</td>
<td>$10,879</td>
</tr>
</tbody>
</table>

**Subtotal - Gifts Received by WMU Foundation**

- **Cash**: $828,011
- **Deferred**: $15,450

**TOTAL GIFTS RECEIVED BY WMU FOUNDATION**

- **Cash**: $843,461
- **Deferred**: $15,450

#### Paper Technology Foundation Gifts

**TOTAL GIFTS**

- **Cash**: $3,006,329
- **Deferred**: $2,703,000

**TOTAL GIFTS RECEIVED** (YEAR TO DATE)

- **Cash**: $3,006,329
- **Deferred**: $2,703,000

#### Pledges & Deferred Commitments (WMU Fdn. & Paper Tech. Fdn.)

<table>
<thead>
<tr>
<th>Pledges</th>
<th>Deferred (Bequests &amp; Life Insurance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$41,412</td>
<td>$2,703,000</td>
</tr>
</tbody>
</table>

**Total Pledges & Deferred Commitments**

- **Cash**: $3,017,930
- **Deferred**: $2,703,000

**Total Gifts, Pledges & Deferred Commitments**

- **Cash**: $6,024,259
- **Deferred**: $5,406,000

---

**Total Gifts Received (Year to Date)**

- **$1 M+**: $1,145,024
- **$100K to $1 M**: $508,084
- **$25K to $100K**: $239,368
- **$10K to $25K**: $1,113,853

**Year-to-Date**

<table>
<thead>
<tr>
<th>Gift Level</th>
<th>Amount Received</th>
<th>Number of Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1 M+</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>$100K to $1 M</td>
<td>$1,145,024</td>
<td>4</td>
</tr>
<tr>
<td>$25K to $100K</td>
<td>$508,084</td>
<td>11</td>
</tr>
<tr>
<td>$10K to $25K</td>
<td>$239,368</td>
<td>18</td>
</tr>
<tr>
<td>$1 to $10K</td>
<td>$1,113,853</td>
<td>8,121</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,006,329</strong></td>
<td><strong>8,154</strong></td>
</tr>
</tbody>
</table>
## GIFTS & PLEDGES $10,000 AND OVER
### October and November 2006

### New Gifts October:
- **Mrs. Mary L. Adams**: $10,000 | Horace W. and Mary L. Adams Trumpet Scholarship
- **State of Michigan**: 18,475 | Unrestricted Fund at Western (WMU Logo License Plate Program)
- **Anonymous Donor**: 15,000 | Fine Arts Visiting Artist Residency Program
- **Elsie Watson Estate**: 375,000 | Elsie Kohlstein Watson Endowed Scholarship
- **Dr. Howard Wolpe**: 10,500 | President’s Unrestricted Fund

### New Gifts November:
- **Mr. Ahmed Bouchemaoui**: $20,000 | Gary Fund for men’s soccer
- **Consumers Energy Foundation**: 50,000 | CEAS Energy Laboratory
- **Mary Jackson Estate**: 29,000 | Mary and R.E. Jackson Scholarship (Partial Distribution)
- **Mr. & Mrs. Mario Mion**: 50,000 | Robert J. Mion Aeronautical Engineering Endowed Scholarship
- **OMNOVA Solutions Foundation**: 23,000 | Printing and Imaging Management

### New Pledges October:
- **SmithGroup Companies, Inc.**: 10,000 | Irving S. Gilmore Foundation Fine Arts Equipment Endowment

### New Pledges November:
- **Elizabeth & Jerry Mason**: $50,000 | Irving S. Gilmore Foundation Fine Arts Equipment Endowment

### New Deferred October:
- **Mr. Howard F. Luckey**: $10,000 | Gift Annuity Program

### New Deferred November:
- **Ms. Margaret A. Borton**: $20,000 | Bequest
- **Dr. & Mrs. Joseph Ellin**: 24,297 | Gift Annuity Program

*Paper Technology Foundation, Inc. gifts.*
## Western Michigan University Foundation
### 6 Year Gift Trend Analysis

**WMU Foundation Cash Gifts:**

<table>
<thead>
<tr>
<th></th>
<th>Current Fiscal Year</th>
<th>Prior Five Fiscal Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7/1/06-11/30/06</td>
<td>7/1/05-11/30/05</td>
</tr>
<tr>
<td>Alumni</td>
<td>$922,864</td>
<td>$742,326</td>
</tr>
<tr>
<td>Individual Friends</td>
<td>561,815</td>
<td>453,544</td>
</tr>
<tr>
<td>Corporations/Foundations/Other Organizations</td>
<td>1,275,036</td>
<td>1,208,538</td>
</tr>
<tr>
<td>Estate Gifts</td>
<td>385,000</td>
<td>87,907</td>
</tr>
<tr>
<td><strong>Current Cash Gifts</strong></td>
<td>$3,144,715</td>
<td>$2,492,315</td>
</tr>
</tbody>
</table>

**Deferred Gifts:** Charitable remainder trusts and annuities (shown at fair market value)

<table>
<thead>
<tr>
<th></th>
<th>Current Fiscal Year</th>
<th>Prior Five Fiscal Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>450,199</td>
<td>-</td>
</tr>
</tbody>
</table>

**Subtotal-Current Cash & Deferred Gifts**

<table>
<thead>
<tr>
<th></th>
<th>Current Fiscal Year</th>
<th>Prior Five Fiscal Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3,594,914</td>
<td>$2,492,315</td>
</tr>
</tbody>
</table>

**Non-Cash Gifts:**

<table>
<thead>
<tr>
<th></th>
<th>Current Fiscal Year</th>
<th>Prior Five Fiscal Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>405,486</td>
<td>102,758</td>
</tr>
</tbody>
</table>

**Subtotal-Gifts Received by WMU Foundation**

<table>
<thead>
<tr>
<th></th>
<th>Current Fiscal Year</th>
<th>Prior Five Fiscal Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$4,000,400</td>
<td>$2,595,073</td>
</tr>
</tbody>
</table>

**Paper Technology Foundation**

<table>
<thead>
<tr>
<th></th>
<th>Current Fiscal Year</th>
<th>Prior Five Fiscal Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Gifts:</td>
<td>77,398</td>
<td>44,070</td>
</tr>
<tr>
<td>Non-Cash Gifts:</td>
<td>1,200</td>
<td>31,501</td>
</tr>
</tbody>
</table>

**Subtotal-Gifts Received by Paper Tech. Fdn.**

<table>
<thead>
<tr>
<th></th>
<th>Current Fiscal Year</th>
<th>Prior Five Fiscal Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$78,598</td>
<td>$44,070</td>
</tr>
</tbody>
</table>

**Total Gifts:**

<table>
<thead>
<tr>
<th></th>
<th>Current Fiscal Year</th>
<th>Prior Five Fiscal Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$4,078,998</td>
<td>$2,639,143</td>
</tr>
<tr>
<td></td>
<td>$5,099,686</td>
<td>$9,284,174</td>
</tr>
<tr>
<td></td>
<td>$8,813,035</td>
<td>$5,818,839</td>
</tr>
</tbody>
</table>
REVISED ANNUITY AND LIFE INCOME FUNDS INVESTMENT POLICY STATEMENT

Background

We are seeking approval of a revised annuity and life income funds investment policy statement. The university’s finance and development staff recently met with our investment consultant, Fund Evaluation Group, and representatives from State Street to review the annuity and life income funds’ asset allocation and performance.

It was determined a better measure and reflection of asset performance would be provided by the following changes to the policy’s benchmarks:

- Add a High Yield benchmark, the Lehman Brothers High Yield BA/B 3% Issuer Capped Index, to measure performance in the high yield sector.
- Change the International Equity benchmark to MSCI All Country World Index excluding-US from the MSCI EAFE Index to allow for performance measurement of emerging markets.

Recommended Motion

It is hereby recommended that the attached Western Michigan University Annuity and Life Income Funds Investment Policy Statement be approved.
WESTERN MICHIGAN UNIVERSITY
ANNUITY AND LIFE INCOME FUNDS

Investment Policy

PURPOSE

The purpose of this Investment Policy is to establish a clear understanding of the philosophy and the investment objectives for the Western Michigan University (hereinafter, "University") Annuity and Life Income Funds. This document will further describe the standards that will be utilized by the University in monitoring investment performance, as well as, serve as a guideline for any investment manager retained.

NATURE OF WESTERN MICHIGAN UNIVERSITY
ANNUITY AND LIFE INCOME FUNDS

The Annuity Funds consist of funds acquired by the University under various gift annuity agreements. The Life Income Funds consist of charitable remainder trusts for which the University is the trustee and remainderman. Upon termination of an annuity or trust agreement, the funds revert to the University. Depending on the donor’s intention, these funds are then transferred either to unrestricted funds, designated University departments, or to the Western Michigan University Foundation.

RESPONSIBILITY AND AUTHORITY

1. The Vice President for Business and Finance shall report to the Board of Trustees as requested, or at least quarterly, the status of the investment portfolio.

2. The Vice President for Business and Finance shall, with the assistance of appropriate staff, continuously monitor and review the actions of the Investment Advisor/Custodian and the status of investments.

3. The Investment Advisor/Custodian shall be authorized to take investment actions within the guidelines described herein.

4. The Investment Advisor/Custodian shall report to the Vice President for Business and Finance, or appropriate staff, all changes in the investment portfolio when they occur.
GENERAL OBJECTIVES

1. The goal of each Fund is to provide long-term growth while balancing the needs of the income beneficiary and Western Michigan University as the remainderman.

2. The overall asset allocation should reflect the following structure. Where necessary to achieve specific target income payments, the investment manager may deviate from the following recommended target allocations when so authorized by the Vice President for Business and Finance or his/her appropriate staff.

<table>
<thead>
<tr>
<th>Straight Unitrust</th>
<th>Target</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Cap</td>
<td>40%</td>
<td>35-45%</td>
</tr>
<tr>
<td>Small Cap</td>
<td>10</td>
<td>5-15</td>
</tr>
<tr>
<td>International</td>
<td>15</td>
<td>10-20</td>
</tr>
<tr>
<td>Core Fixed Income</td>
<td>35</td>
<td>30-40</td>
</tr>
<tr>
<td>Cash</td>
<td>-</td>
<td>0-10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Income Unitrust</th>
<th>Target</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Cap</td>
<td>25%</td>
<td>20-30%</td>
</tr>
<tr>
<td>Small Cap</td>
<td>5</td>
<td>0-10</td>
</tr>
<tr>
<td>International</td>
<td>5</td>
<td>0-10</td>
</tr>
<tr>
<td>Core Fixed Income</td>
<td>55</td>
<td>50-60</td>
</tr>
<tr>
<td>High Yield</td>
<td>10</td>
<td>0-15</td>
</tr>
<tr>
<td>Cash</td>
<td>-</td>
<td>0-10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Pooled Income Fund</th>
<th>Target</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Fixed Income</td>
<td>100%</td>
<td>90-100%</td>
</tr>
<tr>
<td>Cash</td>
<td>-</td>
<td>0-10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gift Annuity</th>
<th>Target</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Cap</td>
<td>40%</td>
<td>35-45%</td>
</tr>
<tr>
<td>Small Cap</td>
<td>10</td>
<td>5-15</td>
</tr>
<tr>
<td>International</td>
<td>10</td>
<td>5-15</td>
</tr>
<tr>
<td>Core Fixed Income</td>
<td>35</td>
<td>30-40</td>
</tr>
<tr>
<td>Cash</td>
<td>-</td>
<td>0-10</td>
</tr>
</tbody>
</table>

Western Michigan University expects each of its managers to maintain a fully invested position. However, it is recognized that managers may have an amount of cash or cash equivalents from time to time.
PERFORMANCE OBJECTIVES

Due to the inevitability of short-term market fluctuations that may cause variations in the investment performance, it is intended that the performance objectives will be achieved over a moving five-year period net of investment management fees and transaction costs. However, Western Michigan University reserves the right to evaluate and make any necessary changes regarding the investment manager/fund over a shorter-term using the criteria established in the "Evaluation of Investment Manager" section of this policy.

1. **Benchmark** - The total return for each Fund shall approximate a target weighted index corresponding to the target asset mix. The benchmarks for each asset class will be:

   - Large Cap U.S. Equity - S&P 500 Index
   - Small Cap U.S. Equity - Russell 2000 Index
   - International Equity - Morgan Stanley Capital International (MSCI All Country World Index ex-US)
   - Core Fixed Income - Lehman Brothers Aggregate Bond Index
   - High Yield - Lehman Brothers High Yield BA/B 3% Issuer Capped Index

   The total return for each active equity manager shall exceed the relevant equity benchmark. Each passive equity manager shall approximate the total return of the relevant equity benchmark.

2. **Purchasing Power** - The total return for each Fund, except for those accounts that have donor restricted assets, shall exceed the Consumer Price Index plus:
   - 5% for Straight Unitrust accounts
   - 3% for Net Income accounts
   - 1.5% for Pooled Income Fund accounts
   - 5% for Gift Annuity accounts.

3. **Peer Group Ranking** – Each active manager shall rank in the top half of their relevant peer group universe (e.g. Large Cap Growth, Small Cap Value, Core Fixed Income,…).

4. **Volatility (Risk-Beta)** – Each active manager is expected to maintain a beta less than/equal to 1.20 times that of their relevant benchmarks. Each passive equity manager will be expected to maintain a volatility (beta) of approximately 1.00 versus the relevant equity benchmark.

5. **Risk-Adjusted Performance (Alpha)** - The risk-adjusted performance (alpha) for each active equity manager is expected to be positive. The risk-adjusted performance (alpha) for each passive equity manager is expected to approximate 0%.
GUIDELINES

The guidelines stated below shall apply to the separately managed portfolios (i.e., non-pooled or non-mutual funds), unless prior written approval is obtained from the University to the contrary. Although the University cannot dictate policy to pooled/mutual fund investment managers, it is the University's intent to select and retain only pooled/mutual funds with policies that are similar to this policy.

It is not the University's practice to accept donor-restricted assets; when exceptions to this practice are necessary, the guidelines and objectives outlined in this policy shall not apply to those funds.

1. No more than 10% of the Fund, at market value, can be invested in the common stock of any single company.

2. There shall be no investments in non-marketable securities.

3. There shall be no purchase that would cause a position in the portfolio to exceed 5% of the issue outstanding.

4. May invest up to 100% of the portfolio in U.S. Government Securities and up to 50% of the fixed income portfolio in U.S. Government Agency issues.

5. No more than 10% of the fixed income portfolio, at cost, can be invested in any single issue, except the investments in U.S. Government Securities.

6. The weighted average credit quality for core bond managers is to be no less than "A" or its equivalent rating by two national rating agencies. In addition, the minimum acceptable credit quality at purchase shall be "BBB". Furthermore, the weighted average credit quality for high yield bond managers is to be no less than "BB" or its equivalent rating by two national rating agencies. In addition, the minimum acceptable credit quality at purchase shall be "B".

7. The duration of the portfolio shall be within plus or minus 50% of the benchmark index.

8. Commercial paper must be, at the time of purchase, rated within the highest classification established by not less than two national rating services.

9. Bank Certificates of Deposit and Bankers' Acceptances are to be rated within the top two rating classifications by any one national rating service. Foreign bank issues are capped at 25% of the total investment in this category.
10. The active investment managers shall not utilize derivative securities to increase the actual or potential risk posture of the University. Subject to other provisions in this Investment Policy, the use of primary derivatives, including, but not limited to, Structured Notes, lower class tranches of Collateralized Mortgage Obligations (CMOs), Principal Only (PO) or Interest Only (IO) Strips, Inverse Floating Securities, Futures Contracts, options, short sales, margin trading and such other specialized investment activity is prohibited.

Moreover, the investment managers are precluded from using derivatives to effect a leveraged portfolio structure (if options and futures are specifically approved by the University, such positions must be offset in their entirety by corresponding cash or securities).

The University must explicitly authorize the use of such derivative instruments, and shall consider certain criteria including, but not limited to, the following:

i. Manager's proven expertise in such category.
ii. Value added by engaging in derivatives.
iii. Liquidity of instruments.
iv. Actively traded by major exchanges (or for over-the-counter positions, executed with major dealers).
v. Managers internal procedures to evaluate derivatives, such as scenario and volatility analysis and duration constraints.

11. Although the University reserves the right to vote proxies for all individually managed portfolios (not mutual or commingled funds), it may delegate this responsibility to the investment managers. In these cases, the investment managers shall provide, on a quarterly basis, an accounting of all non-routine (routine proxy votes include matters such as the approval of outside accountants and re-election of directors) proxy votes with explanations. The investment managers have the duty to vote proxies in a manner that is consistent with the investment objectives contained herein. We recognize the University could from time to time adopt socially responsible policies that may reduce the total return. We also recognize that certain proposals, if implemented, could have a substantial impact on the market prices of the securities held in the portfolio. Therefore, in the absence of specific socially responsible restrictions, proxies shall be voted on in a manner which maximizes the value of the portfolio's securities. Although each proxy vote must be examined on a case-by-case basis, we would generally expect to vote against proposals such as the approval of poison pills, golden parachutes, unequal voting rights plans, staggered boards, and the elimination of shareholder rights, which are designed to make it difficult for a company to be acquired or which have a tendency to entrench current management at the expense of shareholders.

**REAL ESTATE**

Real estate received as a gift shall be sold as soon as possible, keeping in mind the market value at the date of the gift.
EVALUATION OF INVESTMENT MANAGERS

The investment managers will be reviewed on an ongoing basis and evaluated based upon the following additional criteria:

1. Ability to exceed (active managers) or approximate (passive managers) the performance objectives stated in this Investment Policy.

2. Adherence to the philosophy and style which were articulated to the University at, or subsequent to, the time the investment manager was retained.

3. Ability to exceed (active managers) or approximate (passive managers) the performance of other investment managers who adhere to the same or similar style.

4. Continuity of personnel and practices at the firm.

CONCLUSION

This statement of investment policy shall be reviewed annually. The investment performance will be reviewed on a quarterly basis and the report will be provided by an independent third party. The manager may provide any suggestions regarding appropriate adjustments to this statement or the manner in which investment performance is reviewed.

Acknowledged ________________________________ Date: ____________
On Behalf of Western Michigan University

Acknowledged ________________________________ Date: ____________
On Behalf of the Investment Manager

Acknowledged ________________________________ Date: ____________
On Behalf of Fund Evaluation Group, LLC
PERSONNEL REPORT

ACADEMIC

Administrative Appointments
David Cowan, Chair, Department of Biological Sciences, effective July 1, 2006 through June 30, 2007.

Robert Dlouhy, Director, Career English Language Center for International Students, effective July 1, 2006 through June 30, 2008.

Leonard Ginsberg, Interim Vice President for Research, effective January 1, 2007.


Curtis Swanson, Interim Faculty Chair, College of Aviation, effective July 1, 2006 through June 30, 2007.

Administrator Return to Faculty
Nicholas Andreadis, Assistant Professor, Department of Counselor Education and Counseling Psychology, effective spring semester 2007.

Appointment - Tenure Track
George Boston, Assistant Professor, University Libraries, effective November 6, 2006.

Change of Department Affiliation
Elena Lisovskaya, Associate Professor, from the Department of Teaching, Learning, and Educational Studies to the Department of Sociology, effective spring semester 2007.

Reappointments - Adjunct
Lisa LeBlanc, Adjunct Associate Professor, Department of Speech Pathology and Audiology, effective January 1, 2007 through December 31, 2009.

Richard VanEnk, Adjunct Professor, Department of Biological Sciences, effective January 1, 2007 through December 31, 2009.
Appointments - Adjunct
Teresa Bellingar, Adjunct Assistant Professor, Department of Industrial and Manufacturing Engineering, effective January 1, 2007 through December 31, 2009.

Laura Getty, Adjunct Assistant Professor, Department of Speech Pathology and Audiology, effective January 1, 2007 through December 31, 2009.

Dilip Patel, Adjunct Professor, Department of Speech Pathology and Audiology, effective January 1, 2007 through December 31, 2009.

Carl Piersma, Adjunct Assistant Professor, Department of Physician Assistant, effective January 1, 2007 through December 31, 2009.

Robin Pollens, Adjunct Assistant Professor, Department of Speech Pathology and Audiology, effective January 1, 2007 through December 31, 2009.

Resignation
Phyllis Belt-Beyan, Assistant Professor, Department of Special Education and Literacy Studies, effective August 30, 2006.

Retirements with Emeriti Status
Philip Guichelaar, Professor, Department of Mechanical and Aeronautical Engineering, Professor Emeritus of Mechanical and Aeronautical Engineering, effective December 31, 2006.

David Rozell, Associate Professor, Department of Accountancy, Associate Professor Emeritus of Accountancy, effective December 31, 2007.

Sabbatical Leaves
Massood Atashbar, Department of Electrical and Computer Engineering

Lisa Baker, Department of Psychology

David Barnes, Department of Geosciences

Robert Berkofer III, Department of History

Sung Chung, Department of Physics

James Daniels, Department of Theatre

John Dilworth, Department of Philosophy

Johnson Haas, Department of Geosciences
Sabbatical Leaves (Continued)
Katherine Joslin, Department of English

Mitch Kachun, Department of History

Allison Kelaher-Young, Department of Teaching, Learning, and Educational Studies

Hanjoon Lee, Department of Marketing

Paul Maier, Department of History

Gerald Markle, Department of Sociology

Anne Miles, Department of Anthropology

Annegret Paul, Department of Mathematics

Gwen Raaberg, Department of English

Alan Rea, Department of Business Information Systems

Judith Rypma, Department of English

Thomas Scannell, Department of Management

Quentin Smith, Department of Philosophy

Laura Spielvogel, Department of Anthropology

Robert Spradling, School of Music

Brian Wilson, Department of Comparative Religion

Devrim Yaman, Department of Finance and Commercial Law

NON-ACADEMIC

Appointment
Shari Glaser, Director, Parent and Family Programs, Division of Student Affairs, effective December 4, 2006.

Retirements

Robert Beam, Vice President for Business and Finance, effective June 30, 2007.
NON-ACADEMIC (Continued)

Retirements (Continued)


Cleandress Murphy, Activity Therapist, Center for Disability Services, effective January 31, 2007.

Lila Paul, Office Associate, Vice President for Research, Division of Research and Sponsored Programs, effective March 31, 2007.

Patricia Sonicksen, Manager, Cashiering, effective April 30, 2007.


Carole VanDyken, Custodian, Plant BCSS-Aux Custodial, effective December 31, 2006.

Change in Retirement Date
Carolyn Hornev, Career Advisor, Career and Student Employment Services, effective April 30, 2007.
Western Michigan University
Board of Trustees

BOARD MEETING DATES FOR 2007

It is recommended that the following meeting dates for 2007 be approved:

January 26
April 27
July 13
October 12
December 14
M.U.S.I.C. (Michigan Universities Self-Insurance Corporation)

Background

The University has just completed its nineteenth year of participation with the M.U.S.I.C. program. As one of the charter members of this higher education insurance facility, W.M.U. has enjoyed significant savings and broadened coverage over the span of its membership. M.U.S.I.C. continues to be solid financially. In spite of a continuing hardening of the insurance market and fluctuating investment markets, the program experienced positive financial results for the year ended June 30, 2006:

- Net income for FY ended June 30, 2006, was $3,391,538. A change in net assets of $1,341,508 occurred due to a dividend payment of $2,050,030 to the members.
- Net income includes investment income of $1,045,886 composed of 45% equities and 55% fixed income.
- Total assets of the corporation amount to $19,209,945, of which $17,138,359 is members’ equity.
- Cumulative losses since 1987 paid out on behalf of all schools for general liability, property, errors & omissions, auto liability, and auto physical damage amount to $24,250,740.
- Cumulative dividends paid to all schools since 1987 amount to $22,544,250.

WMU Representation in M.U.S.I.C.:

- Lowell Rinker, Associate Vice President for Business, after serving four years as M.U.S.I.C.’s President and Chair of its Planning & Oversight committee, is now M.U.S.I.C.’s Board Secretary, a member of the P&O committee, and serves as a member of the corporate board as a Director.
- Tim Kellogg, Manager of Business Services, serves as Chair of the Underwriting committee, and also serves as a member of the P&O and Finance committees. Tim also serves on the corporate board as an Alternate Director.
- Carrick Craig, Associate General Counsel, serves on M.U.S.I.C.’s Legal committee as vice chair.
- Laura Vine, Finance Analyst, serves on M.U.S.I.C.’s Claims and Loss Control committee.

The attached summary provides an updated overview of the M.U.S.I.C. programs and structure. Also attached is a Premium Benchmarking Report. A copy of the annual audited financial statements of the corporation is also provided in your Board booklet for your review.

Recommended Motion

This is an information item requiring no action by the Board of Trustees.
M.U.S.I.C. -- Western Michigan University
Insurance Overview
December, 2006

- MUSIC members (11 schools) participate in a layered combination of collective self insurance and commercial excess coverages, made up of three layers:

  - Individual institutional retentions (deductibles actuarially determined for all coverages except property; property deductibles are $50,000 for each member)
  
  - MUSIC funded layer for all institutions (funded by schools, actuarially determined)

  - Commercial excess coverage for high level exposures (purchased insurance)

- This format allows the State universities to maintain coverage levels beyond what they could afford individually, and broader coverage than could be purchased individually.

- The successful 19 year track record now allows MUSIC's Strategic Planning and Underwriting committees to continue plans to expand the second layer (MUSIC) of the self-insured coverage. By absorbing a higher level of exposure, long term rates to the institutions will maintain stability in the face of tighter insurance markets.

- WMU participates in the following programs:

<table>
<thead>
<tr>
<th>Aggregate M.U.S.I.C. Coverage Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive General Liability</td>
</tr>
<tr>
<td>Errors and Omissions</td>
</tr>
<tr>
<td>Property</td>
</tr>
<tr>
<td>Auto Physical Damage</td>
</tr>
<tr>
<td>Auto Liability</td>
</tr>
<tr>
<td>Non-Owned Aircraft Liability</td>
</tr>
<tr>
<td>Medical Malpractice</td>
</tr>
<tr>
<td>Foreign Liability Package</td>
</tr>
</tbody>
</table>
M.U.S.I.C., in conjunction with Marsh, has developed a report that compares what the University would pay in a traditional insurance market to what they currently pay for coverage in the M.U.S.I.C. program. Here are the results for Western Michigan University:

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Current M.U.S.I.C. Program</th>
<th>Estimated Traditional Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Liability</td>
<td>Premium $81,000</td>
<td>$408,000</td>
</tr>
<tr>
<td></td>
<td>Deductible $150,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>Errors and Omissions</td>
<td>Premium $109,500</td>
<td>$240,000</td>
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<tr>
<td></td>
<td>Deductible $250,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>Auto Liability</td>
<td>Premium $44,886</td>
<td>$122,148</td>
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<tr>
<td></td>
<td>Deductible 0</td>
<td>0</td>
</tr>
<tr>
<td>Property Insurance</td>
<td>Premium $500,557</td>
<td>$613,244</td>
</tr>
<tr>
<td></td>
<td>Deductible $50,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>Umbrella</td>
<td>Premium $197,940</td>
<td>$451,787</td>
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<td>$100,000,000 limit</td>
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<td></td>
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</tbody>
</table>