

**BOARD OF TRUSTEES
RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY
April 27, 2006**

A regular meeting of the Board of Trustees of Rutgers, The State University of New Jersey was held on Thursday, April 27, 2006, at 2:10 p.m., in the Multipurpose Room, Robeson Campus Center, Newark Campus. Dr. Laudicina, Chair of the Board, presided.

Present and constituting a quorum were Bogdonoff, Buchanan, Burzichelli, Chester, Copeland, Crocker, DePetris, Dressler, Eichert, Freeman, Frisch, Gizinski, Harvey, Hendricks, Hershhorn, Hurley, Isaacs, Katz, Kennedy, Koehler, Laudicina, Martinez-Campbell, McKoy, Monroe, Moran, Mortensen, Nachtigal, O'Hara, Rawson, Rears, Rivers, Schmidt, Stabile, Stanaitis, Stevenson, Suydam, Van Leer, and Wade.

Absent were Aisenbrey, Chu, Chyb, Cohen, DiFazio, Druskin, Gamper, Giaconia, Hering, Howard, Lubinski, MacKay, Pollison-Beck, Renyi, Russo, Ryan, Sambolin, Williams, and Zoffinger.

Also present were Scott and Vodak, faculty representatives to the Board of Trustees; and Volk, student representative to the Board of Trustees.

Emeriti present were Bragg, Collins, Fox, Jennings, Paranicas, Reitman, Taub, Thomas, Tuosto, and Wells.

Absent was Melwani, student representative to the Board of Trustees.

Attending for the University administration were Alger, Apfel, Cahill, Diner, Fehrenbach, Furmanski, Herring, Manning-Lewis, McCormick, and Winterbauer.

**ANNOUNCEMENT PURSUANT TO CHAPTER 231, PUBLIC LAW 1975
(OPEN PUBLIC MEETINGS ACT)**

Dr. Laudicina called upon Secretary Fehrenbach, who announced that "pursuant to Public Law 1975, Chapter 231 (Open Public Meetings Act), public notice of this meeting was filed on June 17, 2005 with the Office of the Secretary of State of New Jersey and three newspapers, the Cherry Hill *Courier-Post*, the New Brunswick *Home News Tribune*, and the Newark *Star-Ledger*. Public notice of the meeting was posted in the following University libraries: the Alexander Library, New Brunswick; the Dana Library, Newark; and the Robeson Library, Camden. In addition, notice of this meeting has been posted on the Rutgers Web site, under Governing Boards."

APPROVAL OF MINUTES

Dr. Laudicina drew the Board's attention to the previously distributed minutes of the December 15, 2005 meeting of the Board and asked if there were any additions or corrections.

There being none, on motion, and duly seconded, the Board unanimously approved the minutes as distributed by the Secretary.

MATTERS PRESENTED BY THE PRESIDENT

President McCormick spoke briefly of the proposed state budget cuts that the University along with other public universities in the state are facing. He noted that on March 21, 2006 Governor Corzine made some courageous proposals in an attempt to address the \$4-5 billion budget gap that the governor has inherited from his predecessors. The president stated that the governor's proposed plan includes a base budget cut of \$34 million, zero funding for increases in fringe benefits and salaries, and a reduction in the funding of out-of-state students. He stated that the overall proposal by the governor equates to a shortfall of over \$100 million for the University. President McCormick informed the Board that a student rally took place in Trenton this morning to protest the funding cuts to higher education that have been proposed by Governor Corzine. He pointed out that Rutgers was well represented at today's rally and that it was conducted with a great deal of dignity and eloquence on the part of our students. President McCormick noted that the Administration will be utilizing a three part plan to combat these extremely challenging issues. The first strategy is the development of an advocacy program to be conducted with the utmost respect for the governor and state legislators, the second step is to perform a thorough examination of all costs incurred by the University and to scrutinize as effectively as possible the question of where savings can be found. The president emphasized that Rutgers needs to be part of the solution, therefore, he convened a budget advisory committee chaired by Executive Vice President Philip Furmanski and consisting of faculty, students, alumni, and staff to identify potential areas of savings, which along with all of the other strategies that are being formulated, will help the University develop solutions to combat this crisis. He stated that preliminary plans from the deans and vice presidents on their proposed budget cuts are due to him the week of May 1, 2006. The third component proposed by the president involves an increase in tuition, although he noted that he is not yet in a position to recommend an actual percentage. He did, however, state that the increase will need to be sufficient to make a difference yet manageable enough for our students who receive financial aid to be able to continue their education. He reiterated that this is a difficult budget situation and that his intent is to demonstrate with clarity to the governor and the legislature the impact that these proposed cuts will have on higher education and to work in an amicable manner to regain the dollars that could potentially be lost with the proposed cuts.

In other matters, President McCormick informed the Board that one of the early responses to the budget concerns was to delay the College Avenue project. He noted that for the University to spend money on this type of project when we are in the midst of an extremely serious financial crisis would create a perception of arrogance. President McCormick continued by noting that the reauthorization of the federal higher education act has resulted in the funding remaining flat for the Pell Grant program and the potential elimination of the Perkins Loan program. The president informed the Board of the trip that he and 19 students made to Washington, D.C. where they met with the federal legislators who represent New Jersey. He commended the students on the expertise they brought to these meetings and how well prepared and very knowledgeable each of them was on the elements of the federal aid programs available for higher education.

President McCormick concluded his remarks by expressing his appreciation to the Board on their endorsement of the report of the Task Force on Undergraduate Education at the December 2005 meeting. He reviewed a history of the activities leading up to the recommendations on the Task Force that he had drafted and presented to the Board of Governors for their approval at their meeting on March 10, 2006. The president extended his praise to members of the community who were involved in bringing their concerns to him throughout the process and he noted that the real challenge of implementing the transformation lies ahead. He informed the Board that the steering implementation committee, co-chaired by Professor Michael Beals and Professor Cheryl Wall, will be officially charged by the president with their responsibilities on April 28, 2006. This committee, consisting of at least 15 sub-committees, will work very closely with Professor Barry Qualls, Interim Vice President for Undergraduate Education, in carrying out this implementation. President McCormick assured the Board that a thorough list of accountability measures has

been developed and will be put into place to monitor the success and progress of this transformation in the years to come.

MATTERS PRESENTED BY THE CHAIRMAN

Dr. Laudicina drew the Board's attention to the previously distributed minutes of the March 29, 2006 and April 18, 2006 meetings of the Executive Committee of the Board of Trustees.

Presentation on the Use of Board of Trustees Reserve Funds Dr. Laudicina reminded the Board of discussions which took place at the March 29 and April 18, 2006 meetings of the Board of Trustees Executive Committee. He noted that two primary topics discussed by the Committee concerned the use of the Board of Trustees Reserve Funds to assist in the initiation of the Rutgers Foundation capital campaign and the proposed purchase of University land by Coach Greg Schiano to fulfill a commitment in the coach's contract. Dr. Laudicina stated that discussion will take place at today's meeting regarding the use of the Board's reserve fund, however, the issue regarding the sale of University property to Coach Schiano will be discussed by the Board at the June 15, 2006 meeting. Dr. Laudicina then asked President McCormick to provide an overview of the dialogue that lead up to the subject of the reserve funds and the University's need to step up its capacity for fundraising to align itself with our peer public research institutions. The president noted that a key component of fundraising is knowing what is needed and what resources are available for the University to pursue. He also commented that that there was no easy way to approach this need and yet answers must be found to ensure we are successful in reaching the \$1 billion mark in our next capital campaign. President McCormick informed the Board that he appointed Mr. Kenneth Schmidt, Charter Trustee and Vice Chair of the Board of Overseers, and Mr. Rayman Solomon, Dean of Rutgers Law-Camden, to serve as co-chairs of the Task Force on Future Funding of Development at Rutgers University (Task Force). He stated that the Task Force was charged with conducting a comprehensive review of the current components of the University's development funding. Mr. Schmidt continued by providing the Board with a brief summary of the report compiled by the Task Force which addressed the current and future components of the development funding of the University, alternatives to be considered for funding development activities, and the recommendations for the implementation, communication, and strategy for the proposed plan. He noted that based on many of the benchmarking studies that they conducted it was determined that it takes \$.20 to raise \$1.00. Mr. Schmidt continued by providing an overview of the assessment options which included a gift assessment of 5% on outright gifts, and 10% on annual fund gifts. He emphasized that the materials being presented to the Board today should be viewed as a "working document."

Continuing the presentation, Ms. Carol Herring, President of Rutgers Foundation and Vice President of Development and Alumni Relations, addressed the Board on the benefit of spending money on the development of a fundraising campaign. She explained to the Board that the importance of obtaining the necessary funding prior to the kick off of the campaign is influenced by the fact that before the last campaign began the annual revenues were \$43 million a year. Throughout the campaign, Ms. Herring noted, the annual revenue figure increased to \$73 million and the last fiscal year of 2004-2005 brought in \$74 million which netted \$58 million after the cost of fundraising. The expected revenues in 2005-2006 are set between \$80 and \$84 million with a net of approximately \$65 million. Ms. Herring pointed out to the Board that to reach the \$1 billion goal the Foundation will need to double its annual revenues to approximately \$150 million. She continued by providing an overview of the plan to accomplish this goal which is scheduled to begin with a "quiet" phase in July 2007 and is expected to bring in a number of our larger gifts and then begin the public phase in July 2009 which is anticipated to last for five years. Ms. Herring concluded by stating that a campaign of this proportion will require many elements including several years to gain rapport with donors who are capable of gifting large amounts of money and the hiring and training of staff to create a successful approach to this type of campaign.

Mr. Jeffrey Apfel, Senior Vice President of Administration and Chief Financial Officer, provided the Board with a brief history of the Board of Trustees reserve funds, how they have been perceived and how that perception has changed over the years. Mr. Apfel noted that back in the 1960's the reserves were perceived as a Board of Trustees reserve of the University, however, in reviewing the documents related to those donations it is indicated that those funds were labeled as unrestricted and that during the 1960's and 1970's they served as a quasi-endowment. He stated further that in the mid 1990's the funds developed into an odd mixture of a special purpose fund and an unrestricted fund all at once. Mr. Apfel then pointed out that in 2002, it was recorded that the use of the reserves would focus more on special projects and that a resolution was passed authorizing the Administration to identify projects that could benefit from the reserves. He concluded by stating that most recently the funds have been utilized along those lines.

Dr. Laudicina commented that the need for the reserve funds to be used in the kick off of the Rutgers Foundation capital campaign is critical to its success and he also emphasized that the timing in making a decision on this issue is significant. A lengthy discussion ensued on the issues surrounding the use of the reserve funds including whether the money would be returned to the Trustees; a suggestion that the process being specifically identified and audited by KPMG; a suggestion that a legal opinion from an outside source be sought to assure the Trustees are in compliance as they go forward with this suggested action, and that financial, legal, and accounting activities be thoroughly documented if this proposed plan is implemented. Dr. Laudicina requested that Mr. Alger and Mr. Apfel look into making sure that any action taken in this issue be reviewed to ensure that we are operating on a legal basis. The Board came to an agreement that a complete and precise method of record keeping should be implemented immediately to safeguard against any future questions of accountability of the expenditure of these funds. Dr. Laudicina drew the discussion to a close by reminding the Board that it is expected that a vote will take place at the June 15, 2006 meeting on the action to be taken with the reserves.

Resolution Recognizing the 2005-06 Women's Basketball Team Dr. Laudicina called on Mr. Robert Eichert to read the following resolution:

WHEREAS, the Rutgers women's basketball team compiled a record of 27-5, including winning 15 of its last 17 games, and finished the season rated No. 9 in the final NCAA Division I Top 25 Poll; and

WHEREAS, the team completed the BIG EAST regular season with a 16-0 record, and won the Conference's regular season championship for the second consecutive year; and

WHEREAS, the team was selected as an at-large team to compete in the 2006 NCAA Women's Basketball Tournament and was seeded third in the Cleveland Regional, and won its first two games in the NCAA Tournament to advance to the Regional semifinal; and

WHEREAS, the Scarlet Knights were the second-most prolific defensive team in the country in 2005-06, allowing 51.9 points per game; and

WHEREAS, head coach C. Vivian Stringer won the 750th game of her career when the Scarlet Knights defeated Texas Christian University in the NCAA Tournament's second round to become only the third Division I coach to achieve 750 wins, and now has an overall record of 750-251; and

WHEREAS, senior guard Cappie Pondexter was the unanimous selection as BIG EAST Player of the Year, and earned All-BIG EAST first-team honors for the fourth consecutive year; and

WHEREAS, Cappie Pondexter became the first Scarlet Knight to ever be named to the Associated Press Women's Basketball All-America First Team, and was also named All-America by the United States Basketball Writers Association (USBWA), by ESPN.com, by Kodak/Women's Basketball Coaches Association (WBCA), by John R. Wooden Award Women's All-America Team, and was named National Player of the Year by the Women's Basketball News Service (WBNS); and

WHEREAS, sophomore guard Essence Carson was named BIG EAST Defensive Player of the Year, and sophomore guard Matee Ajavon was selected to the All-BIG EAST first team; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Trustees of Rutgers, The State University of New Jersey, congratulate C. Vivian Stringer and the 2005-06 Rutgers University women's basketball team on an outstanding season.

Upon motion, and duly seconded, the Board approved the resolution.

COMMITTEE ON AUDIT

Mr. Jeffrey Apfel drew the Board's attention to the minutes of the March 23, 2006 meeting of the Audit Committee. He continued by reporting to the Board that Mr. Merrill, of the audit firm of KPMG, reviewed the status of several reports that have been rendered since the examination of the University's financial statements for the year ended June 30, 2005. Mr. Apfel also reported that Mr. Mezzina, KPMG's National Industry Director for Higher Education, briefed the Committee on issues relating to the Sarbanes/Oxley Act of 2002. Mr. Apfel concluded his report by stating that Mr. Joseph Sikora, Director of Internal Audit, reviewed the year end report that summarizes the activities of the Internal Audit Department for 2005.

JOINT COMMITTEE ON INVESTMENTS

Mr. Apfel drew the Board's attention to the minutes of the December 16, 2005, February 8, 2006, and April 7, 2006 meetings of the Joint Committee on Investments. Mr. Apfel began by summarizing the minutes of the December 16, 2005 meeting of the Committee. He reported that the Committee had discussed a recommendation from Cambridge Associates to invest in the Wellington Trust Diversified Inflation Hedge portfolio. Mr. Apfel also reported that the Committee decided to invest \$3 million each with three fund managers, Millgate Partners, Viking Global Investors, and Liberty Square Asset Management, to complete the allocation to hedge funds. He continued by reporting that at the February 8, 2006 meeting Mr. Wilson of Cambridge Associates discussed the investment environment and the asset allocations of the University's investment pools. In addition, Mr. Apfel reported that the Committee heard a presentation from Northgate Venture Partners and decided to make a \$10 million commitment to the firm. He stated that in executive session, the Committee approved the 2006 fees for Cambridge Associates. He concluded his report by informing the Board that at the April 7, 2006 meeting that the Committee heard a presentation from Centerbridge Capital Partners. Mr Apfel reported that following a discussion on the firms' investment procedures and structure that the Committee agreed to invest \$5 million with Centerbridge.

TRUSTEES ADVISORY COMMITTEES

Dr. Laudicina drew the Board's attention to the reports of the recent meetings of the following Trustees Advisory Committees that were previously distributed or attached to the meeting agenda.

Mr. George Rears – Graduate School of Education (GSE) – February 8, 2006
Mr. DePetris – Edward J. Bloustein School of Planning and Public Policy – February 20, 2006
Ms. Laurel Van Leer – Faculty of Arts and Sciences-New Brunswick – February 28, 2006
Mr. Jeffrey Isaacs – Livingston College – March 2, 2006
Mr. Dudley Rivers – School of Communication, Information, and Library Studies (SCILS) –
March 14, 2006
Mr. Abe Suydam – University College-New Brunswick – March 28, 2006
Ms. Iris Martinez-Campbell – School of Social Work – March 30, 2006

Mr. Rears reported that Dean Richard DeLisi provided an overview of the state of GSE in his first full year as dean of the school. He also noted that the dean is in the process of hiring seven new faculty members.

Mr. DePetris reported that Dean James Hughes provided a summary of the economic study conducted by Dean Hughes and Dr. Joseph Seneca for the New Jersey Commission on Science and Technology. Mr. DePetris noted that the Committee has inquired about the possibility of the dean making a presentation on this study to the full Board of Trustees at the June 2006 meeting.

Ms. Van Leer reported that Dr. Wise Young was a guest speaker at the meeting of the Faculty of Arts and Sciences TAC meeting. She noted that Dr. Young's presentation included an overview of the need for New Jersey to step up its efforts to bring a stem cell research program to the state.

Mr. Suydam reported that it is important that his colleagues on the Board have a complete understanding that the profile of the average University College is unique in comparison to the other academic units. He pointed out that this uniqueness needs to be given serious consideration throughout the implementation process of the transformation of undergraduate education.

Ms. Martinez-Campbell noted that Rutgers is very fortunate to have Dean Richard Edwards as the dean of the School of Social Work and commented on the wealth of experience in the field of social work that he brings to the University. She also pointed out to the Board that the commencement speaker for this year's convocation is Mrs. Delores Jordan, advocate for children and families, philanthropist, and mother of basketball legend Michael Jordan.

Mr. Isaacs reported that the Livingston College TAC took place prior to the approval of the report on the Task Force on Undergraduate Education by the Board of Governors. He noted that there were concerns expressed over the future of Livingston College following the approval of President McCormick's recommendations on the Task Force.

Mr. Rivers reported that the highlight of the SCILS meeting was the presentation given by one of the students, Ms. Brittany Mendenhall, who spoke of her internship experiences at MTV.com. He also noted that Dean Gustav Friedrich pointed out the great benefit that our students derive from its close proximity to multiple media outlets such in New Jersey, New York, and Philadelphia.

REPORT OF THE PROVOST – NEWARK

Dr. Steven Diner, Provost of the Newark campus, began his remarks by welcoming the Board to the Newark campus. He pointed out that for the ninth year running Rutgers-Newark has been named by *US News and World Report* as the most diverse campus in the nation. He also noted that a number of high profile minority practitioners of law who have received their degrees from Rutgers-Newark are members of Governor Jon Corzine's cabinet, including New Jersey's Attorney General Zulima Farber and

Mr. Ron Chen, Public Advocate for the state. In addition, United States Senator Robert Menendez, who was selected by Governor Corzine to complete his senate term is an alumni of Rutgers School of Law-Newark. Provost Diner commented that Newark's undergraduate education is undergoing a process involving the systematic review of four areas including faculty engagement, campus life, technology and instruction, and general education and curriculum. He continued by noting that a committee will soon be submitting a report to him on the proposal of creating an undergraduate major in public service. In addition, there are efforts underway to upgrade basic teachings of English Composition and basic math. Provost Diner pointed out that in the area of student life the residential population continues to grow and that University Square, a new resident hall with 600 beds which will double the residential capacity, is expected to be open in August 2006. He noted that the police issues that existed in the past have been eliminated and that with the appointment of Chief Michael Lattimore the police force has become much more community minded. In conclusion, Provost Diner noted that they are in the advanced stages of their search for a new dean of the School of Business, that the College of Nursing is proposing a doctoral degree in that field of study, and that Ms. Jane Ann Philips, a distinguished novelist, has been hired to develop a masters in fine arts in writing.

OLD BUSINESS

There was no old business.

NEW BUSINESS

There was no new business.

RESOLUTION TO CONDUCT CLOSED SESSION

Mr. Harvey presented the following resolution which, being duly seconded, was unanimously approved by the Board:

BE IT RESOLVED, that the Board meet in closed session on June 15, 2006 to discuss matters falling within the attorney-client privilege, contracts and real estate in accordance with Chapter 231, Public Law 1975, Section 7, Items b.(5) and b.(7).

Any necessary action will be taken at the earliest possible public meeting of the Board.

ADJOURNMENT

The meeting was adjourned at 4:41 p.m.

Kate Cahill
Assistant Secretary of the Boards
of Governors and Trustees