

Professors discover ancient sand dune on campus
CAMPUS+CITY, PAGE 3

Old Town Lansing to sing blues this weekend at event
FEATURES, PAGE 8

U.S. House to vote on Pell Grant funding increase
CAMPUS+CITY, PAGE 5

FORECLOSURE SALE CANCELED

City Center II project slated to move forward; Strathmore Development reportedly fixes financial woes



345 EVERGREEN AVE.



341 EVERGREEN AVE.



PHOTO ILLUSTRATION BY SEAN COOK

Previously foreclosed Strathmore Development Company properties



EVERGREEN AVENUE PHOTOS BY SEAN COOK, MAP BY ANDREA ZAGATA/THE STATE NEWS

BUDGET

State might repay Mich. Promise with tax credit

By Abby Lubbers and Meredith Skrzypczak
THE STATE NEWS

The state might keep part of its financial promise to almost 96,000 students waiting on funding for the current school year in the form of tax credits.

Some students could receive their Michigan Promise scholarships as tax credits if a bill introduced Tuesday in the Michigan House of Representatives is passed. State Rep. Ken Horn, R-Frankenmuth, introduced the bill that he said would act as a backup plan to award students their money if the state budget eliminates the scholarship. It is on the chopping block as the state Legislature and Gov. Jennifer Granholm hammer out Michigan's budget by Oct. 1.

The Legislature reached a preliminary agreement to cut \$1.2 billion from the budget Wednesday, the Detroit Free Press reported, but the fate of the scholarship remains uncertain. The Michigan Promise Scholarship awards college students up to \$4,000 toward in-state college or university tuition based on results from the Michigan Merit Exam. Those who are eligible for the Michigan Promise Scholarship would receive any remaining money as a Michigan income tax credit after graduation if they remain in the state. Some state Democrats, however, said

See PROMISE on page 2

MICH. SENATE, HOUSE LEADERS REACH INITIAL PLAN FOR STATE

By Abby Lubbers
THE STATE NEWS

The state Legislature's leaders came to a preliminary \$1.2 billion agreement on budget issues Wednesday, the Detroit Free Press reported.

Representatives and senators agreed to cut spending and use federal stimulus money to balance the 2010 budget, but the agreement does not specify whether taxes will increase, the Detroit Free Press wrote. State officials wouldn't confirm the details of the agreement, saying it would be hashed out in the coming weeks.

Abby Rubely, spokeswoman for Michigan House Speaker Andy Dillon, D-Redford, said an agreement was reached, but would not release specific details.

"We have come to a bipartisan, bicameral agreement, which establishes guidelines for reaching a budget resolution," said Senate Majority Leader Mike Bishop, R-Rochester, in a statement.

The numbers agreed upon Wednesday are spending targets for each budget department, but funding for specific programs will be determined in conference committees. Legislators hope to

See STATE on page 2

"At this point in history, a very good development could have severe financial problems."

Roger Hamlin, professor, MSU School of Planning, Design and Construction

By Kate Jacobson
THE STATE NEWS

A major downtown development is moving forward after the foreclosure sale for seven of its properties adjourned Wednesday. The City Center II project, a \$116.4 million mixed-use project slated for the corner of Abbot Road and Evergreen and Grand River avenues, will move forward after the project's developer, Strathmore Development Company, reached an agreement with Huntington Bank to stop the sale, which was scheduled for today.

East Lansing Director of Planning and Community Development Tim Dempsey said he received confirmation from both Huntington Bank and Strathmore

that the sale had been canceled Wednesday morning.

This comes in light of a Sept. 15 announcement that the City Council would receive a formal request from Strathmore asking for a fifth extension for the project. Mayor Vic Loomis said the council would vote on the extension Oct. 6. The extension would run through mid-December.

The project's history
City Center II has been no stranger to financial strug-

gles. This past summer, and again in the last few weeks, seven of the properties slated for the project went into foreclosure. Strathmore also owed about \$140,000 in delinquent property taxes to Ingham County for the properties.

Huntington Bank officials said the foreclosures were because of delinquent taxes and defaults on the loan agreement. City officials and Strathmore Presi-

See DEVELOPMENT on page 2

Ⓜ To see a video and documents related to the City Center II project, visit statenews.com/multimedia.

ADMINISTRATION

\$250M endowment decline fails to worry MSU officials

By Meredith Skrzypczak
THE STATE NEWS

MSU lost almost \$250 million, or 18 percent, of its endowments in the past fiscal year, but university officials said they are not worried about the health of the institution's investments.

The decrease was large, but better than the average decline of \$8P 500, or the largest 500 publicly traded companies. Because of that, there are no concerns with the 2009 annual returns, said Glen Klein, MSU's director of investments and financial management, in an e-mail.

MSU's investment portfolio, called the common investment fund, or CIF, primarily is

made of university endowments, U.S. stocks, international stocks, bonds and private equity, among other things, Klein said.

The CIF was valued at \$1.17 billion as of June 30, the last day of the 2009 fiscal year, he said. Despite the 18-percent decline in endowments, MSU is doing relatively well compared to other institutions, said Cheyenna Weber, the organizing director for the Responsible Endowments Coalition, a group that promotes responsible endowments and investments.

"It's a bad thing that it's down," she said. "The benchmark means that it didn't go any lower than they expected. ... Everybody's endowment is down about 25 percent right

now." MSU assesses its endowment performance based on returns during five- to 10-year periods, and during the past 10 years, the CIF had a return in the top 10 percent of the more than 300 institutions surveyed by Cambridge Associates as of June 30, 2009, he said.

This five- to 10-year time period is used to determine how well investment goals are being met, Klein said.

"Despite what has been the most severe market downturn since the Great Depression, our portfolio has held up well," he said at the Sept. 15 meeting of the MSU Board of Trustees. "It is properly positioned right now, not only for the near term con-

ing at us, but also over the longer term."

MSU's success is largely built on the fact that the university has optimized returns while limiting risky investments, keeping it in a good position to ride out the economic storm, Klein said.

The economy has influenced MSU's endowment levels, said Robert Groves, vice president for University Advancement, MSU's fundraising branch.

"We're constantly fundraising," he said. "When there's a down economy, endowments have been slower to come. ... We still have gifts coming in, (we're) still raising money for (the) endowment."

Endowments at colleges and