

APRIL MEETING, 1998

*The University of Michigan
Ann Arbor
Tuesday, April 21, 1997*

The Regents convened at 1:45 p.m. in the Regents' Room. Present were President Bollinger and Regents Deitch, Horning, Maynard, McFee, McGowan, Power, and Taylor. Also present were Provost Cantor, Executive Vice President Kasdin, Executive Vice President Omenn, Vice President and Secretary Harrison, Vice President Hartford, Vice President Kinnear, Vice President Neidhardt, Chancellor Nelms, Chancellor Renick, and Interim General Counsel Barry. Regent Newman was absent.

Resolution in Honor of 1997-98 Hockey Team

Regent McGowan invited Coach Red Berenson, Captain Matt Herr, and Assistant Captains Bill Muckalt and Marty Turco to join her at the podium. She then read the following resolution:

Regents' Resolution

The Regents of the University of Michigan applaud and congratulate the Michigan Wolverine hockey team and its head coach, Gordon "Red" Berenson, for winning the 1998 NCAA championship - Michigan's second hockey championship in three years.

Originally thought to be in a rebuilding phase, the hockey team earned a 34-11-1 record and demonstrated repeatedly the results of teamwork, perseverance, and determination by pulling out victories in close games. Never was this more evident than in the electrifying, sudden-death overtime win on April 4 at the FleetCenter in Boston. That night, as they had throughout their college careers, the team's five seniors provided exemplary leadership. These highly-motivated student athletes also finished the season as the most victorious class in Michigan hockey history, with 133 wins and two national championships.

Coach Berenson, himself a former Michigan standout, proved once again that he is one of the University's most outstanding coaches. He encourages his players to excel in the classroom and demonstrates through his words and actions

that the education and growth of his players are his highest priority. As a result, since he took over in 1984, Michigan's graduation rate has ranked near the top of college hockey, while at the same time, Coach Berenson's teams have also won two national championships, gone to the NCAA Tournament eight consecutive times, and made six Final Four appearances in the past seven seasons.

The Regents now salute the entire hockey team, including Captain Matt Herr and Assistant Captains Bill Muckalt and Marty Turco, as well as Coach Berenson and his staff, for their exhilarating national championship season.

There followed a round of applause, after which Coach Berenson thanked the board for its support. Captain Matt Herr described the emphasis on academics that is an invaluable part of being on the hockey team, noting that players are expected not only to attend class, but to get good grades. He said that students on the hockey team feel like people really care about them, and he gave Coach Berenson much of the credit for the success of the program. He also recognized the support of the academic leaders of the institution and Athletics Director Tom Goss for contributing to the program's successes.

Report of Child Care Task Force

Provost Cantor noted that the Child Care Task Force, chaired by Dean Ada Sue Hinshaw, had been commissioned in 1996 and charged with the responsibility of assessing the needs of the University community with respect to child care services. She thanked the task force members for their thorough study and excellent report, and noted that she would be presenting the task force's specific recommendations.

Provost Cantor stated that the University administration is very committed to the issue of child care, and it will be trying as much as possible to implement the recommendations according to a staggered schedule. One of the short-term recommendations is that the University increase its contributions to the child care scholarship fund to \$150,000 annually. Provost Cantor said that she is in support of this recommendation, and that it will be incorporated into the

1998-99 budget recommendation. The second recommendation is to implement a child care program for sick children of employees, known as “Kids Kare.” This program is currently being operated on a pilot basis, but the University will continue it on a permanent basis at an estimated cost of \$40,000 per year. The recommendation includes a sliding fee scale with a subsidy for lower income faculty and staff families on the Ann Arbor campus. In addition, a one-year pilot project to include children of students in this program will also be initiated to assess need and feasibility.

To help offset the high cost of child care, the University will initiate a program of a sliding scale subsidy to the existing University-run child care centers to make it possible for the centers to offer reduced fees to low income faculty and staff.

The final short term recommendation was to improve the availability of data on children of faculty, staff, and students. The hope is that further data collection on child care needs can be done in conjunction with implementation of the PeopleSoft project.

Regarding the Task Force’s long term recommendations, the University will pursue the possibility of finding external funding to expand the North Campus child care center to provide more space for infants and toddlers. The other demand recognized by the task force was to improve the off-hour child care options using existing child care facilities. The administration would like to support this recommendation, but the complex operational issues it raises require further study.

The task force also enumerated several policy recommendations that have strong support across the University community. These include increase the number of accrued sick days that employees can use to care for sick children. Provost Cantor said that she would be recommending that changes to the current policy be put in place by July 1999. Another recommendation

was to encourage deans to consider part-time academic programs whenever possible, and Provost Cantor noted that she does intend to do this.

Regent McGowan commented that she was delighted to receive the Child Care Task Force Report. She observed that with the report and the recommendations that are to be implemented, “this university has come a long way since a very astute and caring sophomore led us on a course to be able to make some sense out of the child care provisions that the University of Michigan offers to students, faculty, and staff.” She noted that this report and the provost’s recommendations are “extremely heartening” to a great many people.

Regent Maynard concurred, noting that although there is still a lot of work to be done, it is exciting that progress is being made. Regent Deitch agreed, noting that he didn’t think that an institution that promotes inclusiveness and advancement for women can really mean that unless it addresses head on and in a committed way the issue of childcare. He expressed that it is important for the University to be a leader in this arena.

Provost Cantor observed that there is widespread support for these recommendations throughout the campus.

Report of the Committee on the Economic Status of the Faculty (CESF)

President Bollinger called on Professor Thomas Dunn, chair of the Committee on the Economic Status of the Faculty, to present the committee’s annual report. Professor Dunn reviewed the report, copies of which were distributed at the meeting. He noted that the report had two parts: recommended guidelines for faculty salaries and direct compensation, and benefits issues for faculty and staff as a whole.

Professor Dunn reported that CESF believes there are principles which are applicable to both the determination of direct compensation and of benefits. These are that compensation

should be based on merit; the elements comprising merit within each unit should be written and disseminated; the process of determining compensation should be open, without compromising individual privacy; and that meaningful communication should occur on a regular basis between unit administration and individual faculty regarding their performance as it relates to their compensation.

Regarding benefits, Professor Dunn reported that CESF believes that there are issues relating to the conflicts of interest between the University's roles as an employer and as a service provider, and that these conflicts should be recognized and dealt with openly. CESF also believes that with the increasing decentralization of the University, the wishes of faculty and staff will be even more important than they have been in the past. He noted that specific recommendations are contained in the Regents Communication.

In response to a question from Regent Power, Professor Dunn outlined the process by which the CESF's recommendations are reviewed by the faculty senate and by the administration.

Michigan Student Assembly Biannual Report

Vice President Hartford called on Mike Nagrant, outgoing president of Michigan Student Assembly. Mr. Nagrant reviewed the goals and accomplishments of his presidency over the past year, including holding down tuition, increasing the hours of operation of the Harlan Hatcher Graduate Library, and advocating for a student regent. He thanked the Regents and the administration for the support he'd received during his term.

Mr. Nagrant then introduced the newly elected MSA president, Trent Thompson. Mr. Thompson expressed excitement at the prospect of serving as MSA president for the coming year. He reviewed specific projects that MSA had initiated and successfully concluded during

the past year, and then enumerated how the University would benefit by having a student regent. He concluded his remarks by describing new projects planned by MSA for 1998-99.

Regents' Resolution in Honor of Thomas C. Kinnear

Regent Power called Vice President Kinnear to the podium and read the following resolution:

Regents' Resolution

The Regents of the University of Michigan commend Thomas C. Kinnear as he completes his term as vice president for development on May 3, 1998.

Since assuming this position in September 1994, midway into the Campaign for Michigan, Vice President Kinnear has provided strong and effective leadership for what turned out to be the most successful fund-raising drive in University history and the largest ever completed by an American public university. He quickly became acquainted with development staff, both in the central development office and in the schools and colleges, and, traveling from coast to coast, he met with hundreds of volunteers and donors. By the time the campaign concluded in September 1997, \$1.41 billion had been raised. Since the conclusion of the campaign, he has been working to establish a long-term program to continue the University's fund-raising momentum.

During his tenure as vice president for development, Vice President Kinnear oversaw the planning and implementation of a comprehensive new computer and information management system for development staff. A superb manager of resources and people, he has fostered open communication and teamwork among development staff and has created strong partnerships among the central development office, the deans and staff in the schools and colleges, and more than 1,500 fund-raising volunteers.

Prior to his appointment as vice president for development, Vice President Kinnear served as senior associate dean in the School of Business Administration. He was named the D. Maynard Phelps Professor of Business Administration in 1992, and was appointed the Eugene Applebaum Professor of Entrepreneurial Studies in December 1997.

The Regents now express their deepest appreciation to Thomas C. Kinnear for his outstanding service as vice president for development, and wish him well as he returns to his role as a distinguished faculty member in the School of Business Administration.

There followed a standing ovation. Vice President Kinnear responded that it had been a tremendous honor for him to have had the opportunity to serve the University, noting he had met

“the most fantastic people” within the past four years, including faculty, staff, students, and alumni.

Consent Agenda

Minutes. Consideration of the March 1998 minutes was deferred until the next meeting.

Reports. Executive Vice President Kasdin submitted reports of Investments, Plant Extension, and a quarterly report of non-competitive purchases over \$5,000 from single sources. He noted that reports on the Long Term Portfolio would continue to be submitted on a monthly basis, but reports about the other portfolios would be submitted on a less frequent schedule.

Co-General Counsel Barry submitted the Litigation Report.

Vice President Neidhardt submitted a report on Projects Established for March 1998.

Voluntary Support. Vice President Kinnear submitted the monthly report on voluntary support. He observed that gifts for 1997-98 are on pace to set an all-time record.

Medical Affairs. Executive Vice President Omenn distributed copies of an article about the Medical Center that had appeared in the *Ann Arbor News* and distributed cards containing statistics about the University of Michigan Health System. He called attention to a report prepared by the Southeast Michigan Employer and Purchaser Consortium about patient satisfaction and about a recent survey regarding public attitudes toward biomedical research.

Personnel Actions/Personnel Reports. Provost Cantor submitted a number of personnel actions and personnel reports and called attention to the appointment of Marvin Parnes as associate vice president for research and executive director of research administration. Vice President Neidhardt further described the rationale for the creation of the position and Mr. Parnes' suitability for it.

Provost Cantor also called attention to the appointment of James Stewart as director of the Museum of Art.

Retirement Memoirs. Provost Cantor submitted retirement memoirs for six retiring faculty members.

Memorials. No deaths of active faculty members were reported this month. However, President Bollinger noted the deaths of three emeritus faculty members: Warren P. Norman, Andrew Watson, and Henry Gershowitz.

Honorary Degrees. President Bollinger submitted recommendations for honorary degrees to be awarded to the following individuals: Richard Ford, novelist and short story writer; Mary Lowe Good, distinguished chemist and undersecretary of technology in the U.S. Department of Commerce; Mamphela Ramphele, distinguished scholar and vice chancellor of the University of Capetown; Edward Said, distinguished literary and cultural critic; and Mae C. Jemison, physician and former astronaut (University of Michigan-Dearborn). These degrees are to be awarded at the Spring 1998 Commencement.

Degrees. Provost Cantor submitted the May 1998 Doctoral Degree List, the December 1997 Law School final degree list, and changes to previously approved degree lists.

On a motion by Regent McFee, seconded by Regent Maynard, the Regents unanimously approved the Consent Agenda.

Amendments to Hospital Revenue Bond Master Trust Indenture and Medical Service Plan Revenue Bond Indentures

Regent Deitch moved approval of the following actions, including authorization for the executive vice president and chief financial officer and the associate vice president and treasurer or either one of them to take such actions, including execution and delivery for and on behalf of the University of any required documentation, as are necessary to accomplish the same:

1. Amend the Master Indenture, under and pursuant to the provisions of Section 1501(d) and 1501(e) thereof, to provide that, subject to other conditions specified in the Master Indenture, Revenue Obligations, and particularly Primary Obligations may be issued in the form of interest rate swaps, caps or similar arrangements related to Revenue Obligations, and such interest rate swaps, caps or similar arrangements may be payable from Hospital Gross Revenues and secured on a parity first lien basis with other Revenue Obligations by a first lien on Pledged Hospital Gross Revenues; and
2. Amend each of the 1991 MSP Indenture and 1995 MSP Indenture under the provisions of Section 11.01(c) and 11.01(d) of the 1991 Indenture and Section 1401(c) and 1401(e) of the 1995 MSP Indenture to provide that, subject to other conditions contained in the MSP Indentures, Additional Parity Bonds may be issued in the form of interest rate swaps, caps or similar arrangements, and that such interest rate swaps, caps or similar arrangements may be payable from and secured by parity first lien on Medical Service Plan Revenues.

Regent Maynard seconded the motion, and it was approved unanimously.

Commitment of \$37.0 million from the Long Term Portfolio to Three Alternative Equity Investments

Executive Vice President Kasdin informed the Regents about follow-on investments totaling \$37.0 million from the Long Term Portfolio to three alternative equity investments: CMD Realty Investment Fund IV, L.P.; Natural Gas Partners V, L.P.; and Sequoia Capital VIII, L.P.; as described in the Regents Communication.

Alternative Equity Investment

On a motion by Regent Maynard, seconded by Regent Deitch, the Regents unanimously approved commitment of up to \$20 million of the Long Term Portfolio to Bain Capital Fund VI, L.P. and Bain Capital VI Coinvestment Fund, L.P.

Keweenaw Rocket Launch Site

On a motion by Regent Deitch, seconded by Regent Power, the Regents unanimously approved offering for sale property located in Grant Township, Keweenaw County, Michigan, as described in the Regents Communication.

Small Parcel of Land Adjacent to 1327 Geddes Avenue, Ann Arbor

On a motion by Regent McFee, seconded by Regent Deitch, the Regents unanimously approved sale of the 7 by 34.80 foot parcel of land adjacent to 1327 Geddes Avenue, Ann Arbor, to William Stegeman, as described in the Regents Communication.

Building at 710-716 S. Forest Avenue

On a motion by Regent Horning, seconded by Regent McGowan, the Regents unanimously approved naming of the building at 710-716 S. Forest Avenue the “Towsley Center for Children.”

Maintenance Projects

On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved two projects: Steam line replacement continuation on the Athletic Campus, and elimination of the sanitary/storm drain cross connection in the G.G. Brown Building.

University of Michigan Hospitals Women’s Hospital Birth Center Construction of Additional Capacity

On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved a revised budget for the project to construct additional labor, delivery, recovery, postpartum, and nesting rooms for the Women’s Hospital Birth Center, as described in the Regents Communication.

Research Subcontract between the University of Michigan and the Environmental Research Institute of Michigan, International, Inc. (ERIM)

On a motion by Regent Maynard, seconded by Regent McFee, the Regents unanimously approved a research subcontract between the University of Michigan and ERIM. Because two ERIM employees who will be working on this subcontract, John J. Wharton Jr. and Lauren Peterson, are also adjunct employees of the University of Michigan; and a University of

Michigan employee, Brian Athey, is also an employee of ERIM, this subcontract falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the subcontract are the University of Michigan and the Environmental Research Institute of Michigan, International, Inc. (ERIM).
2. Terms of the agreement call for a total subcontract of approximately \$15,250 to cover a 12-month period. The University's standard subcontract provisions will apply.
3. Drs. Wharton and Peterson, University of Michigan adjunct professors and ERIM employees, will be working on this subcontract at ERIM as program managers. Brian Athey, a University of Michigan professor and ERIM employee, has no role in the subcontract to ERIM.

Research Agreement between the University of Michigan and Precision Optical Machining, Inc.

On a motion by Regent Taylor, seconded by Regent Horning, the Regents unanimously approved a research agreement between the University of Michigan and Precision Optical Machining, Inc. (POM, Inc.). Because Dr. Jyoti Mazumder is a University of Michigan employee who also holds a 20% equity interest in POM, Inc. and serves as a consultant to POM, Inc., this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and Precision Optical Machining, Inc. (POM, Inc.).
2. Terms of the agreement are a total contract of \$500,000 for Phase I, covering a 12-month period. The University's standard contract provisions will apply.
3. Dr. Mazumder's pecuniary interest arises from his 20% equity interest in POM, Inc.

Recommendations for Appointment to Medical Staff Membership

On a motion by Regent Power, seconded by Regent McFee, and on the recommendation of the University of Michigan Hospitals Executive Board, the Regents unanimously approved certain specified appointments to medical staff membership.

Regents' Meeting Schedule for 1999

On a motion by Regent Power, seconded by Regent McFee, the Regents unanimously approved the following Regents' Meeting schedule for 1999:

January 21-22	July 15-16
February 18-19	August--no meeting
March 18*-19	September 16-17
April 15-16	October 21**-22
May 20-21	November 18-19
June 17-18	December 16-17

* Held at UM-Dearborn

** Held at UM-Flint

The meeting adjourned at this point (11:05 a.m.) and reconvened at 12:00 noon for Public Comments.

Public Comments

The Regents heard comments from the following individuals, on the topics indicated: Susan Wineberg, chair of City of Ann Arbor Individual Historic Properties Historic District Study Committee, on demolition of houses; Bram Elias, student and chair of MSA's Student Regent Task Force, and Matthew Curin, student and MSA representative, on the proposed MSA fee increase to create student regent position; Bradley Holcman, student representing the Interfraternity Council, on the state of the Greek system in Winter 1998; and Robert C. Alarie, alumnus, on a request to receive an accredited degree.

There being no further business, the meeting was adjourned at 12:30 p.m. Regents' expenses for March 1998 totaled \$200.08. The next meeting will take place May 14-15, 1998.