

DECEMBER MEETING, 1998

*The University of Michigan
Ann Arbor
Thursday, December 17, 1998*

The Regents convened at 3:30 p.m. in the Regents' Room. Present were President Bollinger and Regents Horning, Maynard, McFee, McGowan, Newman, Power, and Taylor. Also present were Provost Cantor, Vice President Feagin, Vice President Hartford, Executive Vice President Kasdin, Vice President and General Counsel Krislov, Vice President Neidhardt, Chancellor Renick, Interim Chancellor Schmoll, Vice President and Secretary Tedesco, and Vice President Wilbanks. Executive Vice President Omenn arrived at about 3:55 p.m.; Regent Deitch was absent.

Public Comments

The Regents heard public comments from the following individuals, on the topics indicated: Philip Schloop, business manager of IUOE Local 547, prescription drug benefits for union members; Trent Thompson, president of MSA, and Brian Riech, member of MSA's Student Code Review Committee, review of the Code of Student Conduct; Bram Elias, treasurer of MSA, the nonprofit Student Coursepack Store; and members of the UM-Flint Student Government Council, Jada S. Wooten (president), Nicholas T. Waun (representative), and Holly Anderson (chair of public relations), on the topic of the UM-Flint chancellor search.

Regent Power commented on the civility of the current discussion about the Code of Student Conduct compared to when the code was first introduced several years ago.

President Bollinger commented on the status of the Flint chancellor search, noting that five candidates had been identified and brought to campus for initial interviews, one had

withdrawn, and one had been invited for a second visit. He said that the search committee is still gathering information and obtaining input, and that the original January 1 deadline has been amended.

Executive Session Motion

Regent Horning read the following motion:

Pursuant to Section 8(e) of the Open Meetings Act, as amended by 1984 PA 202 and 1996 PA 464, I move that the Board of Regents meet in closed session on December 17, 1998, in the Regents' Room, for the purpose of consulting with our attorney regarding trial or settlement strategy in connection with specific pending litigation.

Regent Maynard seconded the motion, and it was approved unanimously. The meeting then continued in executive session from 4:05-5:30 p.m.

Friday, December 18, 1998

The Regents convened at 9:40 a.m. in the Regents' Room. Present were President Bollinger and Regents Deitch, Horning, Maynard, McFee, McGowan, Newman, Power, and Taylor. Also present were Provost Cantor, Vice President Feagin, Vice President Hartford, Executive Vice President Kasdin, Vice President and General Counsel Krislov, Vice President Neidhardt, Executive Vice President Omenn, Chancellor Renick, Interim Chancellor Schmoll, Vice President and Secretary Tedesco, and Vice President Wilbanks.

President Bollinger called the meeting to order.

Comments about Vice President Neidhardt. Provost Cantor commented on Vice President Neidhardt's extraordinary accomplishments during his tenure as vice president for research.

Introduction of Fawwaz Ulaby. Provost Cantor then introduced Fawwaz Ulaby, the R. Jamison and Betty Williams Professor of Engineering, Arthur F. Thurnau Professor, and professor of electrical engineering and computer science, who is recommended for appointment as interim vice president for research.

On a motion by Regent McGowan, seconded by Regent Newman, the Regents unanimously approved the appointment of Fawwaz Ulaby as interim vice president for research.

Introduction of Allen Lichter. Executive Vice President Omenn introduced Allen S. Lichter, professor of radiation oncology, who is recommended for appointment as interim dean of the Medical School.

Regent Deitch moved approval of the appointment of Allen S. Lichter as interim dean of the Medical School, noting that he had known Dr. Lichter since his undergraduate days at the University of Michigan. He noted that Dr. Lichter is a graduate of the University of Michigan and has a reputation for being a caring and concerned physician, and that his appointment is “a great moment for the Medical School and the University.”

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

Consent Agenda

Minutes. Vice President and Secretary Tedesco submitted the minutes of the November 19-20, 1998 meeting.

Reports. Executive Vice President Kasdin submitted Reports on Investment, Plant Extension, and Human Resources and Affirmative Action. Vice President and General Counsel Krislov submitted the Litigation Report. Vice President Neidhardt submitted the report of projects established for November 1998.

Implementation of the Regents' Policy on Research Grants, Contracts, and Agreements, FY98

Vice President Neidhardt submitted and presented a report on implementation of the Regents' Policy on Research Grants, Contracts, and Agreements for FY1998. He noted that for FY98 there were 10 new requests for approval of non-standard restrictions on openness of 3,063 proposals submitted and 1,619 awards accepted during that period, and all were approved.

Resolution in Honor of Vice President Neidhardt

Regent Deitch called Vice President Neidhardt to the podium and read the following resolution:

Regents' Resolution

The Regents of the University of Michigan express their sincere gratitude to Frederick C. Neidhardt, vice president for research and the Frederick G. Novy Distinguished University Professor of Microbiology and Immunology, for his distinguished service as vice president for research as he begins his retirement furlough on January 1, 1999.

Vice President Neidhardt joined the University in 1970 as chair of the Department of Microbiology and Immunology in the Medical School, a post he held until becoming associate dean for academic affairs in the Medical School in 1990. He also has served with distinction as associate vice president, acting vice president, and interim vice president for research, and, most recently, as vice president for research since January 1, 1998.

Working with more than two hundred departments, centers, institutes, and interdisciplinary programs, Vice President Neidhardt has provided strong and visionary leadership for faculty and students involved in research during a period of administrative transition. He has expanded opportunities for undergraduate research, restructured research support services, and provided a strong voice for scholars and scientists in their communications with the public, private industry, and government.

*Elected to the American Academy of Arts and Sciences in 1996, Vice President Neidhardt is internationally renowned for his studies of the regulation of gene expression in bacteria and the molecular physiology of growth of the bacterium *Escherichia coli*. In addition to continuing his research, he will serve as president of the Foundation for Microbiology in 1999.*

For his many contributions to the University, particularly his strong leadership as an executive officer, the Regents extend their sincere best wishes to Vice President Neidhardt.

The resolution was approved by acclamation, following a standing ovation.

Vice President Neidhardt thanked the Regents and praised the work of the associate vice presidents and staff of the Office of the Vice President for Research.

Student Affairs Report. Vice President Hartford described a new program, “K-Grams,” that had been initiated by a student group, Circle K. The purpose of the program is to establish a strong sense of community between college students and elementary school children through a pen pal program. She read notes from a teacher and from a parent about how valuable the program has been for the participating children.

Medical Affairs Report

M-Care Financial Report. Executive Vice President Omenn reported that M-Care has a deficit of \$8.6 million through the third quarter of FY1998, and explained that the reasons have to do with expansion of the physical plant among other factors. He noted that M-Care has an action plan in place to reverse its financial situation, and also has sufficient reserves to cover the deficits. Ms. Zelda Geyer-Sylvia, executive director of M-Care, said that while the M-Care organization understands that it must address the financial issues, it will also continue to provide excellent service to its customers.

Regent Maynard said that it is important that the Medicare population continue to be served by M-Care. There was a discussion about how increased prices for pharmaceuticals are driving up the cost of health insurance. It was also noted that the Medicare program does not include coverage for pharmaceuticals.

Emergency Services Patient and Visitor Parking. Responding to questions that had been raised at the last meeting in regard to the expansion and renovation of Emergency Services, Executive Vice President Omenn provided a report on parking for emergency patients and

visitors. Dr. Omenn indicated that patient needs and “patient-friendly service” would drive the short-term and long-term solutions for parking. Throughout construction and post-construction, free valet parking would be available to all emergency services patients and visitors.

Regent Newman observed that the current parking situation is very difficult for patients and families because overflow lots are often full and there is at times a wait for valet parking. She also expressed concern about the limited hours for the pediatric emergency service, noting that it is difficult for patients and families to have to take pediatric patients to the adult emergency area. Further discussion by the Regents emphasized other challenges related to the accessibility of short and long-term parking, and some suggestions were provided to increase the number of spaces.

Executive Vice President Omenn and Executive Vice President Kasdin agreed to review the suggestions.

Voluntary Support. Vice President Feagin submitted the Report on Voluntary Support for November 1998.

Personnel Actions/Personnel Reports. Provost Cantor requested that the Board in Control of Intercollegiate Athletics appointment recommendation be withdrawn from the table. Vice President Neidhardt commented on the reappointment of Julie Ellison as associate vice president for research.

Retirement memoirs. Memoirs for a number of retiring faculty members were submitted for adoption.

Memorials. No deaths of active faculty members were reported to the Regents this month.

Degrees. There were no actions with respect to degrees.

On a motion by Regent Horning, seconded by Regent Taylor, the Regents unanimously approved the Consent Agenda.

Charitable Remainder Trusts

Executive Vice President Kasdin presented a recommendation for approval of Mellon Private Capital Management (MPCM) as investment manager and administrator of the University's charitable remainder unitrust program, which is currently managed and administered internally by the University Treasurer's Office. Vice President Feagin noted that the Office of Development had worked closely with the Treasurer's Office in preparing this recommendation, and that the University will continue to be the sole contact with donors and beneficiaries. On a motion by Regent Maynard, seconded by Regent Horning, the Regents unanimously approved the appointment of Mellon Private Capital Management (MPCM) as investment manager and administrator of the University's charitable remainder unitrust program.

Absolute Return Managers

On a motion by Regent Power, seconded by Regent Deitch, the Regents unanimously approved the appointment of Maverick Capital as an absolute return manager with an initial funding level of \$25 million, subject to a favorable review of the documents by the general counsel's office.

Changes to Hospital Revenue Bond and Medical Service Plan (MSP) Revenue Bond Indentures

Executive Vice President Kasdin presented a recommendation for technical changes to be made in the University's bond indentures. Regent Taylor moved approval of the following actions, and authorization for the executive vice president and chief financial officer and 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:

1) amend the Master Indenture of the Hospital Revenue Bonds, under and pursuant to the provisions of Section 1501(e) thereof, to modify the definition of the term “Adjusted Net Revenues of the Hospital” in substantially the manner set forth in the proposed Supplemental Number 2 on file with the vice president and secretary, with such changes as the executive vice president and chief financial officer or associate vice president and treasurer may approve; and

2) amend each of the series indentures, under Section 1401(e) thereof, to provide for notification to bondholders in the event the University acquires or changes a liquidity facility provider in connection with the bonds issued under the respective series indenture; and

3) amend each of the MSP indentures under the provisions of Section 1401(e) thereof to provide for notification to bondholders in the event the University acquires or changes a liquidity facility provider in connection with the bonds issued under the respective MSP indenture.

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

Edwards Brothers’ Request for Land and Easement

On a motion by Regent Deitch, seconded by Regent Newman, the Regents unanimously approved the sale of real estate to Edwards Brothers and granting of an easement, as described in the Regents Communication.

City of Ann Arbor Utility Easement Amendment

On a motion by Regent Deitch, seconded by Regent Maynard, the Regents unanimously approved granting an amendment to an easement agreement with the City of Ann Arbor, as described in the Regents Communication.

University of Michigan-Dearborn General Campus Renovation Project Phase III: College of Arts, Sciences, and Letters (CASL) Building

On a motion by Regent Maynard, seconded by Regent Newman, the Regents unanimously approved issuing the CASL Building project for bids and awarding a construction contract, provided the costs remain within the project budget.

Ruthven Museum to Central Campus Recreation Building Replacement of Tunnel Piping

Regent Power moved approval of a project for replacement of utilities tunnel piping between the Ruthven Museum and the Central Campus Recreation Building, as described in the Regents Communication. Regent Newman seconded the motion, and it was approved unanimously.

Buhr Building Addition Interior Completion

On a motion by Regent Horning, seconded by Regent Newman, the Regents unanimously approved proceeding with a project for completion of the interior of the Buhr Building addition, as described in the Regents Communication.

UMH C.S. Mott Children's Hospital - Pediatric Cardiology Clinic Space Renovation

Regent Taylor moved approval of a project for renovation of space in C.S. Mott Children's Hospital for the Congenital Heart Program in the Pediatric Cardiology Division, as described in the Regents Communication, along with submission of a Certificate of Need application to the Michigan Department of Consumer and Industry Services. Regent Newman seconded the motion, and it was approved unanimously.

Resolution in Honor of Regent McFee

Regent Horning read the following resolution:

Regents' Resolution

The Regents of the University of Michigan warmly salute and congratulate their friend and colleague, Shirley M. McFee, as she concludes eight years of distinguished leadership as a member of the Board of Regents.

Formerly the mayor of Battle Creek, Regent McFee is a Michigan alumna and export manager of GHS Corporation, one of the world's largest manufacturers of strings for fretted instruments. She has served as a Battle Creek city commissioner and Calhoun County commissioner and is a director of the Automobile Club of Michigan.

Bringing her strong background in politics and business to the Board's deliberations, Regent McFee has served the citizens of Michigan admirably as she has tackled the challenges of adequately funding higher education, maintaining quality, and keeping tuition affordable. Regent McFee has supported efforts to work with communities to expand continuing education programs and to share the University's expertise with the state's K-12 schools. She also has spoken eloquently on behalf of the University's efforts to achieve diversity among its students, faculty, and staff.

As co-chair of the Presidential Search Committee, Regent McFee skillfully helped guide the Regents through the selection process that culminated in the election of Lee C. Bollinger as the University's twelfth president.

Regent McFee has served with integrity, guided by a strong sense of the University's role and responsibilities to its students, the state, the nation, and the world. The Board appreciates her many contributions and those of her husband, Robert, and looks forward to her continued counsel as it names Shirley M. McFee Regent Emerita of the University of Michigan.

A standing ovation followed, and the resolution was adopted by acclamation. Regent McFee thanked the people of the state for electing her, as well as faculty, administrators, her regent colleagues, and students for the broadening, rewarding, experience that she has had as a member of the Board of Regents.

Resolution in Honor of Regent Power

Regent Maynard read the following resolution:

Regents' Resolution

The Regents of the University of Michigan extend their gratitude and warmest personal regards to their colleague and friend, Philip H. Power, as he concludes eleven years of distinguished leadership on the Board.

Appointed by Governor James Blanchard in 1987 and elected in 1990, Regent Power has made significant contributions to the Board's deliberations, frequently delighting colleagues with his perspicacity, jocose narratives, and savoir-faire. A Michigan alumnus, Regent Power has championed improvements in undergraduate education and expansion of sponsored research and played a key role in the extraordinarily successful, \$1.4 billion, Campaign for Michigan. He also has worked to make a University of Michigan education accessible to all academically qualified Michigan residents.

A former Marshall Scholar, Regent Power continues to foster ties between the United Kingdom and the United States, most recently with the May 1998 Marshall Symposium on the information revolution. He is chairman of Home

Town Communications Network Inc., and also serves on the board of the National Center for Education and the Economy and on the National Commission on Skills in the American Workforce.

The Regents will miss Regent Power's presence on the Board but trust that he and his wife, Kathleen, will remain active in University life and serve as a continuing source of guidance. In recognition of his passion for the University and loyal service, including perfect attendance at Board meetings, the Regents name Philip H. Power Regent Emeritus of the University of Michigan.

A standing ovation followed, after which Regent Power stated that he wished to associate himself with Regent McFee's remarks. He noted what a pleasure it has been to have served on the Board, and observed that "what continues to impress me at the end of my service is the thought that when historians of the future write the history of America in the twentieth century, they are going to conclude that the creation and nourishment of seriously excellent public universities is the signature contribution of our society."

He noted what a great pleasure and honor it had been to have served as a Regent.

President Bollinger commented that it is a great art to be a trustee on a board and that both Regent McFee and Regent Power had carried out their responsibilities magnificently.

There being no further business, the meeting was adjourned at 11:00 a.m. The next meeting will be held January 21-22, 1999.