

## OCTOBER MEETING, 1998

*The University of Michigan  
Ann Arbor  
Thursday, October 15, 1998*

The Regents convened at 1:45 p.m. in the Michigan Rooms of the Harding Mott University Center at the University of Michigan-Flint. Present were President Bollinger and Regents Horning, Maynard, McFee, and McGowan. Also present were Provost Cantor, Executive Vice President Kasdin, Executive Vice President Omenn, Vice President Feagin, Vice President Hartford, Vice President Neidhardt, Vice President and Secretary Tedesco, Vice President Wilbanks, Interim Chancellor Schmoll, Chancellor Renick, and Interim Co-General Counsel Barry. Regents Taylor and Power arrived shortly after the start of the meeting; Regents Deitch and Newman were absent.

### **President Bollinger: Remarks**

President Bollinger noted how pleased he was to be holding the Regents' meeting on the Flint campus and thanked Chancellor Schmoll for hosting the meeting. He reported that the search for a new chancellor of UM-Flint is well underway and is proceeding swiftly according to the plan laid out last spring.

President Bollinger welcomed Lisa Tedesco and Cynthia Wilbanks to their first meeting as executive officers of the university.

### **Memorial Statement for Rheinhard Thum**

Interim Chancellor Schmoll observed that a memorial statement for Professor Rheinhard Thum, a University of Michigan-Flint faculty member who had died over the summer, was

included in the Regents' agenda. She noted that his wife, Maureen Thum, as well as many of his colleagues, were in the audience. She then read the following memorial statement:

*The Regents of the University of Michigan acknowledge with profound sadness the death on July 26, 1998, of Reinhard H. Thum, professor of German at the University of Michigan-Flint. He died while traveling in Germany and Austria.*

*Professor Thum was born in Volklingen, Germany, on February 13, 1937. He received honors B.A. and M.A. degrees in German, in 1965 and 1967, respectively, from Queen's University in Canada. He completed his Ph.D. degree in French and German literature in 1973, also through Queen's University.*

*After teaching high school in Canada for two years, in 1970 Professor Thum joined the faculty of the University of Michigan-Flint. Reinhard loved teaching, and taught numerous courses in French, German and comparative literature over the years. Because Reinhard's life and energies were dedicated to students and teaching, his family has asked that memorial contributions be designated for a scholarship to be established in his name.*

*Professor Thum was also actively engaged in service to the University. He served on numerous committees, including the Academic Standards Committee and the University Senate on the Ann Arbor campus. Dedicated to study, research, and writing, he presented more than 35 papers at professional conferences, was active as chair and vice chair of the German Section of the Michigan Academy, and had numerous publications in respected journals. His book on the image of the city in late nineteenth century French poetry received high praise from reviewers.*

*His colleagues will long remember Professor Thum for his dry wit, his sense of justice, and his many contributions to the University. As we mourn his loss, our condolences go to his wife, Maureen Thum, who is a lecturer in English at the University of Michigan-Flint, and to his daughters, Johanna and Angela.*

## **UM-Flint: Its Unique Contributions**

Interim Chancellor Schmoll announced that a new video, "A Michigan Asset: Today and Tomorrow," would be shown as the first of several presentations planned to showcase the contributions of the Flint campus.

Following the video, Interim Chancellor Schmoll gave a presentation highlighting some of the unique programs that are only offered on the Flint campus. These include programs in physical therapy, anesthesia, health care, medical technology, radiation therapy, and the Masters in Public Administration program. The latter has two concentrations, in nonprofit administration

and health care administration, that are unique to the Flint campus. She described features of each of these programs.

Interim Chancellor Schmoll noted that a number of students in a variety of disciplines had been invited to give presentations on their research at national conferences, and that many of the student research projects had won national awards. She called on Annette Nickel, a physical therapy student, who gave a presentation on her research project.

David Wigston, acting dean of graduate programs and research and director of research at UM-Flint, reported that the sixth annual “Meeting of the Minds” conference had taken place on the Flint campus in May 1998. In this program, undergraduate students present the results of their research, and this year, for the first time, a journal of undergraduate research from the meeting will be published. He called attention to the diversity of research in which students are engaged, and introduced Jason Holt, a student, who described his research in physics and in English.

Interim Chancellor Schmoll then introduced Professor Richard Hill-Rowley, director of the Center for Applied Environmental Research. Professor Hill-Rowley described the projects being conducted at the center involving groundwater issues and related environmental concerns, including land use and environmental problems within the City of Flint.

Following the presentations, Interim Chancellor Schmoll noted that the Flint Campus believes it makes a special contribution to the University of Michigan system, and that it is proud to carry on the tradition of excellence. She noted the campus’ unique status as serving commuter students who might otherwise not have access to the University of Michigan.

Executive Vice President Omenn commented on the important role the Flint campus plays in providing well-trained people in health care fields where there are a significant number of employment opportunities.

Interim Chancellor Schmoll noted that Woodrow Stanley, mayor of Flint, was in the audience, and noted that Mayor Stanley had been extraordinarily supportive of the Flint campus.

### **M-Care**

Executive Vice President Omenn announced that Mr. Raymond Haggerty was completing his term as interim executive director of M-Care, and noted that he had made significant contributions during his tenure. He introduced Mr. Haggerty and commended him for his outstanding service.

Executive Vice President Omenn then introduced Ms. Zelda Geyer-Sylvia, newly-appointed executive director of M-Care. Ms. Geyer-Sylvia said that she was excited to be joining the University of Michigan Health System and to be working with providers and hospitals on improving the health of people in the communities it serves.

### **M-Care Articles of Incorporation and Bylaws**

Executive Vice President Omenn explained the various reasons for the revision of the M-Care bylaws and articles of incorporation, further details of which can be found in the Regents Communication.

Regent McFee moved approval of the restated Articles of Incorporation of M-Care and the revised Bylaws of M-Care, both to take effect as of the date of final approval of the Articles by the State of Michigan, and further, that the executive director of M-Care be authorized to take all necessary and appropriate additional steps on behalf of the University to make and implement these changes. Regent Taylor seconded the motion, and it was approved unanimously.

## **Public Comments**

The Regents heard comments from Peggy Kahn, professor of political science at UM-Flint, on the negative effect of the new State of Michigan welfare policies on access to higher education for women, particularly women with children.

## **Motion to Meet in Executive Session**

Regent Horning made 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 October 16, 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 McFee seconded the motion, and it was approved unanimously. The meeting continued in executive session from 2:55-3:30 p.m. and then recessed until the following day.

*Friday, October 16, 1998*

The Regents convened at 9:45 a.m. in the Regents' Room. Present were President Bollinger and Regents Deitch, Horning, Maynard, McFee, McGowan, Newman, Power, and Taylor. Also present were Executive Vice President Kasdin, Vice President Feagin, Vice President Neidhardt, Vice President and Secretary Tedesco, Vice President Wilbanks, Chancellor Renick, Interim Chancellor Schmoll, and Interim Co-General Counsel Barry. Provost Cantor, Executive Vice President Omenn, and Vice President Hartford were absent.

## **Announcement of Student Death**

President Bollinger announced that a student had been found dead early that morning outside of the Mary Markley residence hall. He noted that the matter is still under investigation,

and no further details were available. Provost Cantor and Vice President Hartford were both absent from the meeting because they were involved in addressing aspects of this tragedy.

### **Regents' Resolution**

President Bollinger called to the podium members of the 1997-98 Michigan Academic Competition (MAC) team and their coach Michelle LaLonde, noting that Regent Maynard would be offering a resolution in their honor.

Ms. LaLonde introduced the team members: Michael Davidson, Rory Molinari, Craig Barker, Ravin Garg, and Patricia Dark. Regent Maynard noted that Coach LaLonde herself had been a member of the 1995 and 1996 MAC teams. She then read the following resolution:

#### ***Regents' Resolution***

*The Regents of the University of Michigan congratulate and commend the 1997-98 Michigan Academic Competition (MAC) team for an outstanding season, culminating in its winning of the College Bowl National Title for the second time in three years.*

*The team's decisive victory in the finals over a strong Cornell University team capped a brilliant season characterized by thorough preparation and outstanding teamwork. The Regents also commend Coach Michelle N. LaLonde, who had been a member of Michigan's 1996 MAC national championship team, for her dedication to the team and to collegiate quiz bowl competition, and for her inspiring leadership.*

*The Regents salute all of the members of the Michigan Academic Competition team and Coach LaLonde for their victorious season and for the intellectual excitement and vitality they bring to the University of Michigan.*

A round of applause followed.

### **Year 2000 (Y2K) Progress Report**

President Bollinger called on José-Marie Griffiths, chief information officer and executive director of the Information Technology Division. Ms. Griffiths gave an update on the

progress of the University's efforts to address the issues raised by the Year 2000 challenge to technology-based services and equipment, as summarized in the Regents' Communication.

Ms. Griffith reported that in addition to working to assure that all systems will be Y2K compliant, planners had been asked to identify the most critical issues that could arise. Contingency and disaster recovery planning is underway, covering every mission-critical system, including power, water supplies, and communications. All plans are to be in place by June 30, 1999. In addition, essential personnel for mission-critical systems will be identified by January 1999 so that they can be prepared to be on-site during the critical time period.

#### **University of Michigan Senate's Annual Davis-Markert-Nickerson Lecture on Academic and Intellectual Freedom**

President Bollinger reported that the President's Office is going to be a co-sponsor of the annual Davis-Markert-Nickerson Academic Freedom Lecture. The Senate Assembly created this lecture in 1990 to honor Professors H. Chandler Davis, Clement Markert, and Mark Nickerson, who, as University faculty members in the early 1950s, had been dismissed because of their refusal to testify before the House Un-American Activities Committee (HUAC). President Bollinger noted that he had given the second annual Academic Freedom lecture, and had introduced subsequent speakers since assuming the presidency.

President Bollinger observed that this historical incident represented an institutional failing that had occurred in the context of a national climate of fear and suspicion. He also noted that at the time, however, there was some degree of support for dismissing faculty who refused to testify before HUAC, both within institutions and by national faculty organizations. To indicate his support of the annual Davis-Markert-Nickerson Academic Freedom Lecture, he has informed the Senate Assembly that the Office of the President will now be a co-sponsor.

Regent McGowan expressed appreciation to President Bollinger for having taken this step. She noted that his actions are being done with the support of the Board of Regents, “thereby ending years of silence on that issue.” Regent Maynard also expressed support for this action.

### **Energy Star Award**

Executive Vice President Kasdin observed that the central administration has demonstrated long-term commitment to pursuing aggressively opportunities both to save money and to be environmentally responsible. For its efforts, the U.S. Environmental Protection Agency recently presented the University with a certificate of recognition for voluntarily participating in the agency’s Energy Star program. He noted that the program will cost the University \$10 million and will yield \$5 million per year in cost avoidance, with the Harlan Hatcher Library alone saving \$1 million per year. He distributed a packet of information describing this and other energy conservation awards the University has received in recent years. He also introduced Mr. Richard Robben, director of maintenance and utility services, who leads this effort along with his staff.

### **1998 Financial Statements**

Executive Vice President Kasdin called attention to the University’s Financial Report for the Year Ended June 30, 1998. Noting that the balance sheet continues to be very healthy, he stated that the University “should never discuss its financial health without starting with an expression of appreciation to the taxpayers of the State of Michigan” who have provided financial support through state appropriations. He also called attention to the generous support the University received from the private sector. Executive Vice President Kasdin noted that the University has been engaged in a master planning effort, and praised the support that has been

received in this endeavor from the city of Ann Arbor and the surrounding townships. He also praised the work of the University's financial operations staff.

President Bollinger left the meeting at this point, at about 10:30 a.m., and Regent Power assumed the role of chair of the meeting.

### **Ernst & Young LLP Management Report**

Mr. Steve Staelin, the Ernst & Young LLP partner with overall responsibility for the firm's reports on the University's financial statements, introduced the other individuals who are responsible for various components of the audit: Mike Simonti, Harold Miller, and George Johnson. He also noted the importance of Carl Smith, director of University audits, and his team toward the efforts of Ernst & Young in performing the audit.

Mr. Staelin pointed out that Ernst & Young had expressed an unqualified opinion on the University's financial statements. He said that the firm had also audited and reported on the separate financial statements for the University Hospitals and Health Centers, the Michigan Health Corporation, the Board in Control of Intercollegiate Athletics, the Executive Education Center at the School of Business Administration, Veritas Insurance Corporation, and M-Care. The firm had also audited the financial statements of three affiliated organizations that had not been included in the University's combined financial statements: the Alumni Association, the William Davidson Institute, and the University Musical Society. The reports for each of these institutions were also unqualified.

Mr. Staelin also reported that there were no material weaknesses in controls or procedures, and that the recommendations set forth in the management letter are intended as constructive suggestions to further strengthen the University's procedures and controls. He

noted that in each instance, the University had concurred with the firm's recommendations, and that its responses are appropriate. Mr. Staelin offered to respond to any questions.

Regent Power noted that in the absence of an audit committee, the Regents encourage the auditors to raise any questions or concerns privately with the Board at any time.

Regent Power observed that the financial reports present costs and revenues in the aggregate and adjusted for inflation. He questioned whether it might be useful to report costs on activity-adjusted basis; i.e., costs adjusted per unit of volume undertaken.

Executive Vice President Kasdin responded that activity-based accounting may be appropriate for certain non-scholarly activities, and is already being done in some areas, including the Health Center and Purchasing Department. He noted that if Provost Cantor had been present she might point out that this methodology would not be a useful way to approach the academic mission of the institution because it fails to reflect the qualitative aspects of scholarship and teaching and it does not provide a means to account for quality.

Recalling past discussions of benchmarking, Regent Power questioned whether it might be useful to begin engaging in both activity-based reporting and benchmarking in an effort to gain a better understanding of the cost structure. Executive Vice President Kasdin responded that he would like first to use basic management and accountability techniques to be assured that all cost-savings and cost-avoidance measures had been exhausted before undertaking benchmarking studies. Such comparisons, when tried, raise serious, time-consuming, methodological questions.

Regent Taylor observed that he believes it is important and possible to conduct supply chain and benchmarking studies in both the nonacademic and academic sides of the institution if the appropriate comparative measures are selected.

Regent Power suggested that the administration regularly apprise the board of its plans for dealing with costs. Regent Taylor said that he would work with Executive Vice President Kasdin to suggest possible avenues for supply chain analyses. Executive Vice President Kasdin said that a presentation by the Purchasing Department might be useful in demonstrating that many of the concerns about cost-savings are already being addressed.

Regent Taylor agreed, noting that such presentations would be beneficial for taxpayers and parents as well as the Regents in order to demonstrate that the University is operating in the most cost-effective fashion.

### **Consent Agenda**

**Minutes.** The minutes of the September 1998 meeting were submitted for approval.

**Reports.** Executive Vice President Kasdin submitted reports on Investment and Plant Extension. Interim Co-General Counsel Barry submitted the Litigation Report.

Vice President Neidhardt submitted a report of Projects Established for September 1998. He observed that the dollar value for awards made was 30 percent higher for the month and 60 percent higher for the year than for the same periods the previous year. He also noted that he had distributed to the Regents a draft of a report to Congress titled “Toward a New National Science Policy” whose purpose is to define the role played by research universities in the American system of research and development.

**Voluntary support.** Vice President Feagin submitted the monthly report of monetary gifts received.

**Personnel Actions/Personnel Reports.** Executive Vice President Kasdin submitted a number of personnel actions and personnel reports on behalf of Provost Cantor. He noted that Professor Gary Olson has been appointed interim dean of the School of Information. Vice

President Neidhardt called attention to the appointment of James L.M. Ferrara in the Medical School.

**Retirement Memoirs.** One retirement memoir was submitted for adoption.

**Memorials.** Memorials for three deceased faculty members were submitted for adoption. Regent McGowan noted that Professor William Albright was an inestimable asset to the University and remains beloved by his students.

**Degrees.** There were no actions with respect to degrees.

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

### **Horace H. Rackham Educational Memorial Building - Detroit**

In response to a request at the last Regents' meeting, Executive Vice President Kasdin submitted information about the University's affiliation with the Horace H. Rackham Educational Memorial Building in Detroit. He noted that this building, which reflects the University's physical presence in Detroit, also raises the issue of the University's relationship with Detroit. He called on Vice President Wilbanks to address this issue.

Vice President Wilbanks distributed a booklet entitled "U of M in Detroit" which lists University activities and programs that are currently ongoing in Detroit. She pointed out that these programs, undertaken by faculty and students on the Dearborn and Ann Arbor campuses, provide the dynamic of the University's relationship with Detroit. She said that copies of this publication are currently being mailed to various organizations and individuals around the state, including alumni clubs. Regent McFee observed that she believed it was important to involve the alumni clubs in these efforts.

### **109 E. Madison Street, Ann Arbor**

On a motion by Regent Newman, seconded by Regent McFee, the Regents unanimously approved offering for sale the property at 109 E. Madison Street in Ann Arbor at a minimum bid of \$1,400,000.

### **115 Zina Pitcher Place**

On a motion by Regent Horning, seconded by Regent Newman, the Regents unanimously approved acquisition of the property at 115 Zina Pitcher Place at a price of \$740,000, as described in the Regents Communication.

### **University of Michigan Hospitals and Health Centers Renovation and Expansion of the Emergency Department**

The Regents received for review a list of design objectives for the Emergency Department Renovation and Expansion Project.

### **Research Agreement between the University of Michigan and T/J Technologies, Inc.**

On a motion by Regent Taylor, seconded by Regent Horning, the Regents unanimously approved an agreement between the University of Michigan and T/J Technologies, Inc. (T/J Technologies). Because the chief executive officer of T/J Technologies, Levi T. Thompson, is also a University of Michigan employee, 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 T/J Technologies.
2. Terms of the agreement are the issuance of a purchase order by T/J Technologies for billing purposes only. The period of performance will be two years at a total cost of \$40,000.
3. Professor Thompson's pecuniary interest arises from his position as chief executive officer of T/J Technologies and his ownership of 27 percent of the company's stock.

## Revision of Regents' Bylaw 6.02 and Creation of New Bylaw 11.073

On a motion by Regent Maynard, seconded by Regent Taylor, the Regents unanimously approved creation of new bylaw 11.073 regarding the University of Michigan-Flint School of Education and Human Services Executive Committee and revision of Bylaw Section 6.02 (Degree Program Definitions) to add the University of Michigan-Flint School of Education and Human Services. The revised bylaws follow:

**New Bylaw 11.073:**      **The University of Michigan-Flint School of Education and Human Services Executive Committee**

*The executive committee shall consist of the dean and four full-time members of the governing faculty of senate rank, each to be appointed for a two-year term by the Regents on recommendation by the president. The members of the committee should be broadly representative to include members from each department in the school and shall not be eligible for reappointment until after the lapse of one year. The terms shall be adjusted so that two vacancies shall occur each year. The dean shall chair the committee.*

**Bylaw 6.02: Degree Program Definitions** (additions underlined)

*Undergraduate degree programs are offered by:*

*The University of Michigan (Ann Arbor Campus)*  
College of Architecture and Urban Planning  
School of Art and Design  
School of Business Administration  
School of Dentistry  
School of Education  
College of Engineering  
Division of Kinesiology  
College of Literature, Science, and the Arts  
School of Music  
School of Natural Resources and Environment  
School of Nursing  
College of Pharmacy  
*The University of Michigan-Dearborn*  
College of Arts, Sciences, and Letters  
School of Education  
School of Engineering  
School of Management  
*The University of Michigan-Flint*  
College of Arts and Sciences  
School of Health Professions and Studies  
School of Management  
School of Education and Human Services

*Graduate degree programs are offered by the schools and colleges on all three campuses through the agency of the Horace H. Rackham School of Graduate Studies, leading to the master's, doctoral, and related degrees. In addition, the College of Architecture and Urban Planning, the School of Business Administration, the School of Health Professions and Studies, the School of Natural Resources and Environment, and the Schools of Management at the University of Michigan-Dearborn and at the University of Michigan-Flint, and the School of Education and Human Services at the University of*

*Michigan-Flint are authorized to offer the master's degree in appropriate professional fields and the School of Music, the master's degree in applied music.*

*Graduate professional degree programs are offered by the:*

<i>School of Dentistry</i>	<i>College of Pharmacy</i>
<i>Law School</i>	<i>School of Public Health</i>
<i>Medical School</i>	<i>School of Social Work</i>

## **Revision of Regents' Bylaw 11.18**

On a motion by Regent McFee, seconded by Regent Newman, the Regents unanimously approved a revision of Regents' Bylaw 11.18 regarding the College of Pharmacy Executive Committee. The revised bylaw follows:

*Bylaw 11.18: The College of Pharmacy: The Executive Committee*

*Membership:* *The executive committee will consist of the dean of the college, ex officio, four members of the governing faculty, each representing one of the following disciplines:*

- 1. Medicinal Chemistry*
- 2. Pharmaceutics*
- 3. Pharmacy Administration*
- 4. Pharmacy Practice*

*and a non-voting representative (of the professorial ranks) of the clinical track II faculty. These five members shall be elected by the professorial faculty of their representative disciplines and subsequently appointed by the Board of Regents on recommendation by the president. The appointed members will not be eligible for nomination and reappointment until one year has lapsed after the completion of a term in office. The terms will be for three years and will be adjusted so that no more than two will expire in any give year. Assistant and/or associate deans of the college may serve ex officio, without vote, upon recommendation by the chair and confirmation by unanimous vote of the committee. Their terms of office shall be for one year but may be renewed each year.*

Regent Power noted that Vice President Wilbanks and Vice President and Secretary Tedesco were attending their first Regents' Meeting in Ann Arbor, and welcomed them to the table.

Mr. Trent Thompson, president of Michigan Student Assembly, distributed copies of the MSA monthly report.

There being no further business, the meeting was adjourned. Regents' expenses for September 1998 were not available. The next meeting will take place November 19-20, 1998.