

DECEMBER MEETING, 1999

*The University of Michigan
Ann Arbor
Thursday, December 16, 1999*

The Regents convened at 1:50 p.m. in the Regents' Room. Present were President Bollinger and Regents Brandon, Horning, Maynard, McGowan, Newman, and White. Also present were Provost Cantor, Interim Vice President Harper, Executive Vice President Kasdin, Interim Chancellor Klein, Vice President and General Counsel Krislov, Chancellor Mestas, Executive Vice President Omenn, Vice President and Secretary Tedesco, Vice President Ulaby, and Vice President Wilbanks. Regent Taylor and Vice President Feagin were absent, Regent Deitch arrived at 2:55 p.m.

President Bollinger called the meeting to order. He commented on what a privilege it had been for him and his wife, Jean, to attend the Nobel Prize award ceremonies in Stockholm.

MSA Monthly Report: The Democracy Project

Bram Elias, president of Michigan Student Assembly, introduced Ms. Sherry Katz, chair of the Democracy Project. Ms. Katz noted that the Democracy Project is a component of the Voice Your Vote Task Force. Its mission is to facilitate the means of civic participation for the campus community, and it believes that civic participation can be achieved only through the robust exchange of ideas. The Democracy Project will encourage this by creating opportunities for public discussion on state and national issues on campus.

Ms. Katz noted that the topic of the first forum organized by the Democracy Project was "Gun Control and the Right to Bear Arms." The goal is to institutionalize this project by holding monthly forums, each of which would focus on a different issues. Prior to each forum every

student who lives in a residence hall receives a newsletter and questionnaire about the chosen issue. The next forum, to be held in January 2000, will examine the United States' responsibilities in working with nations that don't recognize human rights. It is hoped that by the time students graduate from the University, they will have received not only a world class education, but training on how to become effective and informed citizens.

The Perigee of the Moon

Vice President Ulaby reported that during the Winter Solstice, which occurs on December 22, the moon will also be at the closest point it gets to the earth (perigee). This combination happens only once every 137 years. The result is that the moon will appear about 14 percent larger and will be about 7 percent brighter.

Annual Report on Research, Scholarship, and Creative Activity at the University of Michigan, FY1999

Vice President Ulaby said that his first year as vice president for research had been fantastic. He observed that the zest for research and scholarship at the University is one of its most distinguishing characteristics. He explored what motivates people to spend 20 years or more pursuing the answers to questions; the special chemistry that forms between faculty and students who collaborate in scholarly pursuits; and what research means from the standpoint of society and its needs.

The high caliber of the faculty is exemplified by the hundreds of awards and honors received each year, including, for example, the election of five University of Michigan faculty members to the prestigious Institute of Medicine. He also highlighted the Presidential Award for Excellence in Science, Mathematics, and Engineering Mentoring recently received by the Undergraduate Research Opportunity Program (UROP).

He provided videotaped portrayals highlighting the research of five individual faculty members, explaining their work and why it is so exciting to them. The five faculty were James Bardwell (assistant professor of biology); Arlene Saxonhouse (professor of political science and women's studies); Thomas Gladwin (Max McGraw Professor of Corporate and Environmental Management and professor of business administration in the School of Business Administration and professor of natural resources and environment in the School of Natural Resources and Environment); Brian Athey (assistant professor of anatomy and cell biology in the Medical School and assistant professor of art in the School of Art and Design); and Linda Abriola (professor of civil and environmental engineering). Vice President Ulaby observed that the same characteristics exhibited by these faculty: devotion to inquiry, to students, and to understanding the unknown, is found across the many disciplines, centers, institutes, and research projects at the University.

Vice President Ulaby next reviewed financial highlights of the research enterprise for FY1999. During this year, research expenditures totaled nearly one-half billion dollars (\$499.7 million), an increase of 1.7 percent over FY1998. Although expenditures have risen steadily since FY1990, he pointed out that the aggregate purchasing power of FY1999 expenditures actually declined by about 1.5 percent compared to FY1998. There has been no change in the composition of research expenditures either by sponsoring group or fields of study. He noted that federal funds account for the largest portion of research expenditures (68.5 percent), and University funds the next largest (12.2 percent). The remainder is divided among industry, other non-profit groups, foundations, trade and professional associations, and other funding sources.

Life sciences accounted for the greatest expenditures by field of study (47 percent). Engineering accounted for 19.6 percent, and the remainder was divided among social sciences

(13.7 percent); physical sciences (9.3 percent); all other fields (8.8 percent); and expenditures in support of all fields (1.6 percent).

Vice President Ulaby noted that based on FY1997 data (the latest available), the University of Michigan ranked first among the top ten universities and colleges in total research and development expenditures.

Vice President Ulaby estimated that about 23,700 members of the University community take part in a direct way in some kind of scholarly work. During FY99, there were 4,650 sponsored projects, of which 4,400 were supported by external funds. Excluding the hospitals and health centers, research expenditures comprised about 31 percent of total spending at the University. He noted that nationally less than 20 percent of research proposals are funded, whereas the University's funding rate is almost 58 percent.

As a nonmonetary measure of the quality of the University's research output, Vice President Ulaby reported that the University is ranked fifth in the nation in terms of scientific impact, and first among public institutions, by the Institute for Scientific Information.

Vice President Ulaby described some of the challenges faced at both the individual faculty level and the institutional level in making sure that the institution is positioned to continue to succeed and contribute to the areas of research and scholarship. These include focusing on entrepreneurial and commercialization activities at the faculty level and recruitment and retention at the institutional level. Other challenges include all of the activities involved in compliance with government regulations, including human subject use and laboratory animal use.

Vice President Ulaby next described some recent examples of the transfer of technology originally invented at the University, including laser technology, ergonomics software, and a

DNA “laboratory on a chip.” He also noted that the Office of the Vice President for Research is involved in government relations activities at the state and federal levels.

He concluded by observing that the attention devoted to the life sciences during the past year has generated a great sense of excitement and pride among the faculty by demonstrating in a concrete way the commitment of the president and the administration for the University of Michigan to remain among the top institutions in the country.

MSA Biannual Report

The MSA Biannual Report was submitted without further comment.

Consent Agenda

Minutes. Vice President Tedesco submitted the minutes of the November 18-19 meeting.

Reports. Executive Vice President Kasdin submitted reports of investment and plant extension. Vice President Krislov submitted the Litigation Report. Vice President Ulaby submitted the report of Projects Established for November 1999.

University of Michigan Health System. Executive Vice President Omenn reported that MCare HMO had received the highest ranking among all of the HMOs in the state by the Greater Detroit Area Health Council. MCare HMO had also received the only five-star award given by the organization.

University of Michigan-Dearborn. Interim Chancellor Klein reported that all building projects on the Dearborn campus were proceeding according to schedule.

Voluntary Support. The Report on Voluntary Support for November 1999 was submitted. President Bollinger noted that Vice President Feagin’s absence was due to the death of her mother earlier in the week.

Personnel Actions/Personnel Reports. Provost Cantor called attention to the recommendation for the appointment of Karen Wixson as dean of the School of Education.

Retirement Memoirs. Vice President Tedesco submitted retirement memoirs for nine faculty members, including Frederick Neidhardt, former vice president for research. Regent McGowan observed that Vice President Neidhardt had brought to his position and succeeded in conveying a sense of enthusiasm about the research enterprise that was quite extraordinary.

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

Degrees. There are no actions with respect to degrees this month.

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

Cash Overlay and Transition Manager

On a motion by Regent Deitch, seconded by Regent White, the Regents unanimously approved the appointment of First Quadrant, L.P. as a cash overlay and transition manager for the University's invested assets.

Large Capitalization Domestic Equity Manager.

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved the appointment of Franklin Portfolio Associates as a large capitalization domestic equity manager with an initial funding of up to \$200 million.

McKay Tower

On a motion by Regent Horning, seconded by Regent Maynard, the Regents unanimously approved the sale of McKay Tower in downtown Grand Rapids and the dissolution of the Frank

D. McKay Realty Company, as described in the Regents Communication. The assets of Frank D. McKay Realty will be transferred to the Frank D. McKay and Agnes C. McKay Medical Research Foundation endowment fund.

Regent Deitch arrived at this point, at 2:55 p.m.

Horace H. Rackham School of Graduate Studies Building Exterior Infrastructure Project

On a motion by Regent Newman, seconded by Regent Maynard, the Regents unanimously approved the Horace H. Rackham School of Graduate Studies Building Exterior Infrastructure Project, as described in the Regents Communication.

Hatcher Graduate Library North Window Replacement

On a motion by Regent Brandon, seconded by Regent White, the Regents unanimously approved the Hatcher Graduate Library North Window Replacement Project, as described in the Regents Communication.

Perry Building Renovation Project

On a motion by Regent Maynard, seconded by Regent McGowan, the Regents unanimously approved the Perry Building Renovation Project, including the design of the addition, and authorized issuing the project for bids and awarding the construction contracts, providing the project remains within the budget.

Replacement of North and South Elevators in the Church Street Parking Structure

On a motion by Regent Horning, seconded by Regent McGowan, the Regents unanimously approved replacement of the north and south elevators in the Church Street Parking Structure, as described in the Regents Communication.

Payment for the Services of Evelyn Mohalski

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved payment for graphic art services performed by Evelyn Mohalski for the Center for Biologic Nanotechnology. Because Ms. Mohalski was a University of Michigan employee when she performed the service for the University, this arrangement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the contract are the Regents of the University of Michigan and its Medical School's Center for Biologic Nanotechnology and Evelyn Mohalski, an adjunct lecturer of the University.
2. The service provided is a Viewgraph presentation in September 1999 for a total of \$275.00.
3. The pecuniary interest arises from the fact that Evelyn Mohalski is a University of Michigan employee.

Agreement between the University of Michigan and the Automobile National Heritage Area Partnership, Inc. (ANHA)

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved an agreement between the University of Michigan and the Automobile National Heritage Area Partnership, Inc. (ANHA), under which ANHA would sponsor a project at the University of Michigan-Dearborn. Because Edward Bagale is both a University of Michigan employee and a board member of ANHA, 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 ANHA.
2. The terms of the agreement conform to University policy. The period of performance is eighteen months, at a total cost of \$213,190.
3. Mr. Bagale has no pecuniary interest or other involvement in the project.

Research Agreements between the University of Michigan and Artann Laboratories, Inc.

On a motion by Regent Brandon, seconded by Regent McGowan, the Regents unanimously approved research agreements between the University of Michigan and Artann Laboratories, Inc. (Artann), under which Artann would sponsor three projects at the University. Because Stanislav Emelianov is a University of Michigan employee and has an ownership interest in Artann, and his wife, Nouna Sarvazyan, is CEO of Artann, these agreements fall under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreements are the University of Michigan and Artann Laboratories, Inc.
2. The terms of the agreements conform to University policy. The period of performance for the project “New Screening Methods for Early Detection of Breast Cancer” is 24 months at a total cost of \$159,986. The period of performance for the project “The Mechanical Imaging of the Prostate” is 24 months at a cost of \$20,441. The period of performance for the project “Medical Diagnosis Based on Mechanical Properties of Biological Tissue” is 14 months at a total cost of \$10,000.
3. Stanislav Emelianov’s pecuniary interest arises from his ownership interest in Artann Laboratories, Inc. He has no involvement in the two Medical School projects and is organizationally distant from the principal investigators of the two College of Engineering projects.

Subcontract Agreement between the University of Michigan and Princeton University

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved a subcontract agreement between the University of Michigan and Princeton University which will allow the continued participation of Dr. David Srolovitz, now of Princeton University, in a project begun while he was at the University of Michigan. Because Dr. Srolovitz is also an adjunct professor at the University of Michigan, 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 Princeton University.

2. Under terms of the agreement, the University of Michigan will issue a subcontract to Princeton University in the amount of \$156,535 for a period of eighteen months. Terms of the agreement are acceptable and conform to University policy.
3. Dr. Srolovitz's appointment at the University of Michigan runs through May 2000 and is without compensation.

Forest Avenue Parking Structure

Executive Vice President Kasdin submitted a request for authorization to enter into an agreement with the City of Ann Arbor to jointly develop and operate the Forest Avenue Parking Structure. He noted that the structure would provide almost 300 parking spaces for the University, and that pending Regental approval, the proposal is to be submitted for approval by the Ann Arbor City Council on December 20, 1999.

Regent Maynard moved authorization for the executive vice president and chief financial officer to enter into an agreement with the City of Ann Arbor to jointly develop and operate the Forest Avenue Parking Structure and approve the budget, as described in the Regents Communication. Regent Newman seconded the motion.

Regent McGowan inquired about the practices for space allocation between the University and the general public. Executive Vice President Kasdin responded that two types of parking would be available: short-term parking and long-term parking. The short-term parking would be commingled between the University and the city, available on a first-come, first-serve basis to anyone regardless of University affiliation. The longer-term parking would be handled with permits from either the city or the University. He noted that whether University spaces would be available to the general public during evening and weekend hours remains to be determined, depending on utilization by University permit holders.

There being no further discussion, the vote was then taken and the motion was approved unanimously.

University of Michigan-Dearborn Environmental Interpretive Center

Interim Chancellor Klein submitted for approval a revised budget and award of a construction contract for the UM-Dearborn Environmental Interpretive Center. He noted that six bids had been received, and all were over budget. The recommendation is for approval of the lowest bidder. He noted that the difference between the previously approved budget and the current recommendation has been set aside from campus funds. No additional money will be requested from the state.

Regent Newman moved approval of the revised budget for the UM-Dearborn Environmental Interpretive Center and authorization for award of the construction contract to F.J. Jones & Company, as described in the Regents Communication. Regent Maynard seconded the motion.

Regent Newman pointed out that this is the second time, recently, that a revised budget has been necessary for a project on the Dearborn campus. Executive Vice President Kasdin agreed with her observation, stating that from his experience since his arrival he had concluded that more support to the Dearborn campus for the preparation of capital projects was needed. It was decided to bring the current project forward because an acceptable quality level has now been achieved.

There followed a discussion about why the bids came in higher than the cost estimates. Executive Vice President Kasdin stated that, in part, the estimates were based on construction drawings that were not as complete as they should have been and that this situation has since been rectified. Regent Newman expressed concern about higher costs being necessary due to substandard estimating procedures, noting that she does not believe that students should be penalized because of this. She wondered whether there is any liability involved.

Vice President Wilbanks observed that state officials have raised a similar point about capital projects that come to them with cost estimates that have not been fully articulated. To discontinue the practice of having to come back with revised estimates of project costs, the state has now determined that projects can be submitted, but the appropriation will not be fully authorized until it is resubmitted with more precise cost estimates. This change has been made in part because of the time lag and resulting cost increases that occur between the time capital projects are initiated and the funds appropriated, and in part because better information can inform the appropriations process as to the true costs. The project in question was submitted under the previous process. Executive Vice President Kasdin concurred, and said he was satisfied that the process has now been improved.

The vote was then taken, and the motion was approved unanimously.

Comments from President Bollinger

President Bollinger commented on the accomplishments of a number of faculty and staff members over the past month and highlighted current and upcoming events on campus. He also reported the deaths of two emeritus faculty members.

President Bollinger observed that the figures cited in recent newspaper reports about a decline in minority enrollment are not entirely accurate, as the drop in enrollment has not been as great as indicated in the reports. Nevertheless, he said that any drop in minority enrollment is of concern and the University wants to understand what is causing it. He said that the enrollment drop has no bearing on the University's long-standing efforts to achieve racial, ethnic, or any other kind of diversity.

Executive Vice President Omenn reported that the Howard Hughes Medical Institute had recently awarded the University of Michigan a grant of over \$4 million in the area of bioinformatics.

Public Comments

No Public Comments session was held, since nobody had signed up to address the Board of Regents.

There being no further business, the meeting was adjourned at 3:35 p.m. The next meeting will take place January 20-21, 2000.