

JANUARY MEETING, 2000

*The University of Michigan
Ann Arbor
Thursday, January 20, 2000*

The Regents convened at 3:10 p.m. in the Regents' Room. Present were President Bollinger and Regents Brandon, Horning, Maynard, McGowan, Newman, Taylor, and White. Also present were Provost Cantor, Interim Vice President Harper, Executive Vice President Kasdin, Interim Chancellor Klein, Vice President and General Counsel Krislov, Executive Vice President Omenn, Vice President and Secretary Tedesco, Vice President Feagin, Vice President Ulaby, and Vice President Wilbanks. Regent Deitch arrived at 3:30 p.m. Chancellor Mestas was absent.

President Bollinger called the meeting to order, noting that the meeting had been preceded by a tour of the Kresge Medical Research Buildings.

Michigan Greats

Vice President Ulaby announced that over the coming year, faculty members would be invited to Regents' Meetings to make ten-minute presentations on a major research endeavor. During 2001, presentations would be made by graduate and undergraduate students about their research.

Today's presenter was Dr. James Ferrara, professor of internal medicine and professor of pediatrics and communicable diseases, and director of the combined Pediatric and Adult Bone Marrow Transplant Center in the University of Michigan Comprehensive Cancer Center. He noted that Dr. Ferrara arrived at the University of Michigan in December 1998 and directs the bone marrow transplant research and clinical programs.

Dr. Ferrara described the work of the bone marrow transplantation program, noting that its mission is to create the state of the art in bone marrow transplantation through innovation and collaboration. The program combines clinical care, basic research, translational research, and education. It was noted that Dr. Ferrara came to the University of Michigan following 15 years at Harvard University. He said the major difference between the two institutions is that collaboration is easier at the University of Michigan.

Motion to meet in non-formal session

Regent Maynard moved that the formal session of the meeting be adjourned and a non-formal session be commenced for the purpose of considering a personnel evaluation. Regent White seconded the motion, and it was approved unanimously.

The Regents met in non-formal session from 3:30-3:55 p.m.

Public Comments

The Regents heard from Reza Breakstone (“Superfan”), student, requesting support of the Worker’s Rights Consortium and ending sweatshops.

The meeting then adjourned until the following day.

Friday, January 21, 2000

The Regents met at 9:30 a.m. in the Regents’ Room. Present were President Bollinger and Regents Brandon, Deitch, Horning, Maynard, McGowan, Taylor, and White. Also present were Provost Cantor, Interim Vice President Harper, Executive Vice President Kasdin, Interim Chancellor Klein, Vice President and General Counsel Krislov, Executive Vice President Omenn, Vice President and Secretary Tedesco, Vice President Ulaby, and Vice President

Wilbanks. Vice President Feagin, Chancellor Mestas, and Regent Newman were absent. Provost McLaughlin arrived at 10:30 a.m. to take the place of Chancellor Mestas.

Report: “Closing the Loop on Y2K”

President Bollinger called the meeting to order and called on Jose Marie Griffiths, chief information officer. Dr. Griffiths briefed the Regents about the Y2K rollover event and noted that she would address such questions as What happened?; Was it worth it?; What would we have had to do anyway?; What benefits were derived? What is coming next?

Dr. Griffiths reported that the “rollover” activities began at about 6:00 p.m. December 31, with about 30 people staffing the emergency response center and about 400-500 other people located in various buildings across the campus. At 2:00 a.m. on January 1, most people were sent home due to the fact that no major crises had occurred. There were also no major difficulties reported on January 3, 2000, the first day of work following the holiday break. Only a few minor glitches were reported across the campus during the rollover, and these were easily remedied.

Dr. Griffiths reported that there is no doubt that there would have been significant failures if systems had not been tested and remediated to be Y2K compliant. As for the cost of the Y2K compliance effort, she observed that it added the need for contractors and consultants for Y2K-specific testing and remediation, and also required the purchase of Y2K-specific software that has no further use. Other additional expenses included overtime and on-call pay for some categories of staff during the rollover period and the time leading up to it. Total expenditures for Y2K are estimated to be about \$56 million, including about \$46 million for the Hospitals and Health System and about \$10 million for the rest of the campus. She noted that almost all of the hardware and software upgrades would have had to be done anyway at some

time in the future, and these account for about \$46 million to \$49 million of the \$56 million total cost. The remaining portion of expenses that were only useful for Y2K were estimated at a maximum of \$7 million (\$6 million for the Health System and \$1 million for the campus).

Among the benefits derived from the Y2K effort are a comprehensive inventory of all of the University's technology-based services and systems and the interdependencies between them. A second major benefit is the development of campus-wide disaster recovery and contingency plans, along with an umbrella plan that coordinates all of the individual plans. A state-of-the-art emergency response center was developed that can be reassembled at short notice. Another significant benefit is the development of a comprehensive power environment backup system that will protect research materials in the event of any unexpected major power outages and can also be used to avoid power interruptions that would normally be required for scheduled maintenance or construction activities.

The functionality of many systems was also improved with the addition of newer versions of software and more reliable equipment. Finally, there were improvements in the ability to communicate across campus and among the three campuses, and this will be of lasting value to the institution.

Dr. Griffiths concluded that no problems were expected and none were experienced as a result of the onset of the Year 2000. She noted that at each annual disaster training session there will be simulations of different kinds of disasters in order to build up a body of knowledge at the institution. She thanked the executive officers and Regents for their support, as well as all who participated in the planning and coordination of the Y2K effort.

President Bollinger commented that this was a “job well done.” He thanked all staff members who sacrificed their personal celebrations of New Year’s Eve by participating in the event, noting that a reception was being planned in their honor.

Consent Agenda

Minutes. Vice President Tedesco submitted the minutes of the meeting of December 16, 1999.

Reports. Executive Vice President Kasdin submitted reports on Investment, Plant Extension, Human Resources and Affirmative Action, and Non-Competitive Purchases over \$5000 from single sources from September 16-December 15, 1999.

Vice President Krislov submitted the Litigation Report.

Vice President Ulaby submitted the report of Projects Established for December 1999, noting that research expenditures were up more than 16 percent over the previous year.

MSA Report. Mr. Bram Elias, president of Michigan Student Assembly, and Rodolfo Palma-Lulión, co-chair of the MSA Peace and Justice Commission, presented the MSA report.

Mr. Palma-Lulión reported that MSA had voted overwhelmingly to support the Workers Rights Consortium (WRC) on November 2, 1999. He noted that the administration had been working in good faith on this issue and that MSA understands that the options must be carefully weighed before the University takes any action. However, students believe that the process of choosing a monitoring system must be done as expediently as possible, and they believe that the University administration will come to the conclusion that the WRC is the best method for achieving an equitable environment for its corporate sponsors and the workers who make licensed products. He urged the Regents to support the administration as it continues to examine the issue and urged the University to join the WRC.

Mr. Elias observed that students generally work on a one-year timeline, which is different from that of faculty and administration. Therefore they need more immediate, tangible results that can be concluded before the students involved in the issue graduate and leave the University. When these students leave, the working relationship that they have developed with the administration also disappears, and the process must begin all over again.

Mr. Elias explained that the students involved with the WRC do not want to boycott the companies committing the violations. Rather, they want to wear the licensed garments they manufacture to represent their pride in being Michigan students, while at the same time they want to be proud of the companies that produce the merchandise. They believe that organizations such as the University of Michigan for whom the merchandise is produced have the power to change the standards for the entire industry, and that doing so will ultimately improve the lives of the workers around the world who make the clothing. Students believe that signing the WRC would be a pragmatic way for the University to address the issue of sweatshop labor with little risk, and to exert national leadership on the issue.

Mr. Elias observed that a year ago, student activists involved in this issue had little trust in the administration. Since that time, the same students have become engaged in the systematic process employed by the University for addressing such issues. Students have learned, therefore, that when they organize around a reasonable cause, the administration will listen and will involve them in the process. This has resulted in the development of a high degree of trust in the administration among student activists.

He noted that MSA is pleased with progress made so far, as long as a report can be provided in a quick and timely manner, before the deadline of February 2. Meeting this deadline will allow MSA to illustrate to students some concrete accomplishments that will have been

made over a one-year time frame. He noted it is important that the administration be aware of and reflect the students' sense of urgency surrounding this issue. Otherwise, there is a concern that trust will fade in the administration's commitment, students will become frustrated, and there will be a setback in the significant improvement that has been made during the past year in the working relationship between students and the administration.

Regent Maynard inquired about the significance of the February 2nd deadline. Mr. Elias responded that this date emerged as a reasonable date by which a progress report could be issued following the sit-in by student activists in President Bollinger's office last year. He noted that the final deadline for joining the WRC is the first week in April, when there will be a national meeting in New York City for universities to finalize the document that will spell out the terms of the agreement. The February 2nd deadline is necessary to allow sufficient time to finalize strategy and arrangements for attending the convention and it is the original date by which students have been expecting a response.

Vice President Krislov clarified that Mr. Elias was referring to a meeting consisting of President Bollinger, students, and himself, during which the students requested that they receive a response by February 2nd. President Bollinger stated during that meeting that "we will do our best to get back to you at that time."

Regent Maynard noted that she shared the concerns of the activists, and agreed with their strategy of trying to solve the systemic problems rather than conducting a boycott. She said she believes it is more important to reach a wise, considered decision than to adhere to an arbitrary deadline.

Mr. Elias responded that he agreed, but that the depth of passion among students on this issue is very great, and given students' historic skepticism of the administration, MSA wants to

avoid a confrontation. The chances of this will be improved, he said, if the administration will send a message that “we respect and reflect your urgency.”

Health System. Executive Vice President Omenn reported on several issues of significance to the health system. He noted that the hospital is in the black financially and that patient volumes continue to rise. NIH funding also continues to increase. He noted that Ann Arbor Township had approved the addition of an MRI facility at the East Ann Arbor Ambulatory Care Center. He observed that the Medical School is working hard to increase the diversity of its students and faculty. Finally, he noted that he and Vice President Ulaby have been working with the University’s Michigan Life Sciences Corridor partners, and that the governor would soon announce the appointment of a 14-person steering committee.

Student Affairs. Vice President Harper noted that there have been recent incidents of hazing and initiation rites reported among campus fraternities, and said that these are unsafe, dangerous, and demeaning. Therefore, the University intends both to enforce its existing policies and to implement practices to insure the safety and well-being of students. She observed that although students say they are opposed to these practices in the abstract, when some are involved with their peers under the sway of their organization’s traditional practices, judgment can become considerably impaired and sometimes results in behavior that is irresponsible and harmful to others. Vice President Harper stated that students must be held accountable for their behavior, and the apparent gap between their thoughts and their behavior needs to be challenged by introducing serious consequences that will cause them to pause and think before they act.

To this end, and in keeping with the University’s responsibility to create a safe learning environment for all of its students, she indicated that the University intends to examine the current anti-hazing policy and improve the policy where necessary. She also discussed

implementing an anonymous hazing hotline, strengthening our relationships with national fraternal organizations, and exploring the optimal time for first-year students to affiliate with fraternal organizations.

Noting that a fire had recently occurred in a residence hall at Seton Hall University, Vice President Harper commented that for the past several years the Housing Division has been working aggressively to make sure that fire protection and life safety issues are attended to, both in residence halls and fraternal organizations.

President Bollinger asked Vice President Harper to clarify the current hazing policy. Vice President Harper observed that the Regents had adopted a broad umbrella policy in 1982, which basically states that the University condemns hazing but leaves it to the individual student organizations to develop enforcement procedures. The latter task has never been completed, and there has been no enforcement of the policy. The Code of Student Conduct mentions hazing as being offensive, but does not provide sanctions. Regarding off-campus behavior, Vice President Harper observed that fraternal organizations are considered to be personal residences and the University can only exert its authority when behavior constitutes a threat to the community.

Regent Deitch observed that the recently reported hazing incidents are abhorrent and he supports the concept of a thoughtful investigation of approaches toward eradicating the behavior. However, he said that it is important to point out that for the overwhelming number of people who participate in the Greek organizations, there is a consistency between their actions and their words. He believes the leaders of these organizations will come to the table with the same sense of commitment to eradicating inappropriate practices as would other student leaders with whom the Regents work.

Vice President Harper agreed, noting that the majority of students act in good faith. She called on Mr. Adam Silver, president of the Interfraternity Council (IFC), who reported that the IFC and the Panhellenic Association do plan on implementing their own policy. They also plan to send letters to the parents of students who join Greek organizations with the hope that they will get involved as well. Other measures are also planned to reinforce the message that the Greek organizations will not tolerate any hazing and will work with the University to enforce this. They plan to have a policy in place by the end of the semester. He noted that IFC leaders have found that the three most serious problems with hazing are physical and mental harm and poor academic performance, and the policy will address these, and will hold individual organizations accountable for their actions.

UM-Dearborn. Interim Chancellor Klein reported that the UM-Dearborn Wellness Center celebrated its official opening on January 14, 2000. He also noted that on Martin Luther King Day hundreds of students had performed community service work.

UM-Flint. Provost McLaughlin noted that UM-Flint students had also performed community service work on Martin Luther King Day. She reported that Chancellor Mestas has been extremely well-received by the campus community, by alumni, and by other constituencies within the broader community.

Voluntary Support. The Regents received the Report of Voluntary Support for December 1999.

Personnel Actions/Personnel Reports. Provost Cantor submitted a number of personnel appointments and personnel reports.

Retirement memoirs. Vice President Tedesco submitted for adoption eight retirement memoirs.

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

President Bollinger reported on the deaths of Warren “Herb” Wagner, renown authority on ferns and professor emeritus; Freeman Miller, professor emeritus of astronomy; and Hilda Kurtz, longtime lab technician and instructor in the Department of Epidemiology, who had served as a research assistant for Jonas Salk early in her career.

Degrees. There were no actions with respect to degrees.

Regent Taylor moved approval of the consent agenda; Regent White seconded the motion. Regent Taylor commented positively on the “phenomenal” fundraising results reported this month. The vote was then taken, and the motion was approved unanimously.

Keweenaw Rocket Launch Site

Executive Vice President Kasdin reported that the Keweenaw Rocket Launch Site had been sold to the Nature Conservancy at a price of \$437,500.

Amendment to License Agreement with HealthMedia, Inc.

On a motion by Regent Taylor, seconded by Regent Horning, the Regents unanimously approved an amendment to a previously approved license agreement with HealthMedia, Inc. Regent Deitch was not present when the vote was taken. Because Victor J. Strecher is both a University of Michigan faculty member and owner of HealthMedia, 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 HealthMedia, Inc.
2. Contract terms include:

A royalty percentage of 3.5% of Net Fees until September 1, 2001, after which it decreases to 3.0% until September 1, 2003, after which the royalty is 2.0%.

For sublicensing, the royalty percentage is 20% of Gross Sublicensing Revenues until September 1, 2002, after which it decreases to 15% until September 1, 2005, after which the royalty is 10%.

3. Victor Strecher's pecuniary interest arises from his ownership in HealthMedia, Inc. (HMI). He has waived any personal participation in the sharing of royalties received by the University from HMI.

Reassignment Agreement with Gary J. Nabel ("A Method for Rapid Generation of High-Titer Viral Vectors for Use in Gene Therapy")

On a motion by Regent Horning, seconded by Regent Maynard, the Regents unanimously approved a reassignment agreement with Gary J. Nabel, M.D., Ph.D. Regent Deitch was not present when the vote was taken. Because Dr. Nabel is a former University of Michigan faculty member who retains an unpaid faculty appointment, 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 Gary J. Nabel, M.D., Ph.D.
2. Terms of the agreement include payment to the University on a quarterly basis of fifteen percent (15%) of royalties, equity, or other value received by Dr. Nabel through subsequent marketing and licensing of the invention. There will be no use of University facilities and services without appropriate approvals.

Reassignment Agreement with Gary J. Nabel ("Methods and Compositions for Tumor Induction")

On a motion by Regent Horning, seconded by Regent Maynard, the Regents unanimously approved a reassignment of the invention, "Methods for Compositions for Tumor Induction." Because Dr. Nabel is a former University of Michigan faculty member who retains an unpaid faculty appointment, 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 Gary J. Nabel, M.D., Ph.D.
2. Terms of agreement include payment to the University on a quarterly basis of fifteen percent (15%) of royalties, equity, or other value received by Dr. Nabel through subsequent marketing and licensing of the invention. There will be no use of University facilities and services without appropriate approvals.

Reassignment Agreement with Gary J. Nabel and Jian-Jun Chen (“Methods and Compositions for Inhibiting the Pro-Inflammatory Response”)

On a motion by Regent McGowan, seconded by Regent Horning, the Regents unanimously approved a reassignment agreement with Gary J. Nabel and Jian-Jun Chen for the intellectual property “Methods and Compositions for Inhibiting the Pro-Inflammatory Response.” Because Dr. Nabel is a former University of Michigan faculty member who retains an unpaid faculty appointment, and Dr. Chen is a current staff member, 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, Gary J. Nabel, M.D., Ph.D. and Jian-Jun Chen, M.D., Ph.D.
2. Terms of agreement include payment to the University on a quarterly basis of fifteen percent (15%) of royalties, equity, or other value received by Drs. Nabel and Chen through subsequent marketing and licensing of the invention. There will be no use of University facilities and services without appropriate approvals.

Henry Russel Awards for 2000

President Bollinger noted that Jeffrey A. Fessler, associate professor of electrical engineering and computer science and associate professor of biomedical engineering in the College of Engineering, and associate professor of internal medicine in the Medical School; and Webb Keane, associate professor of anthropology in the College of Literature, Science, and the Arts, had been selected to receive Henry Russel Awards for 2000.

University Audits/Financial Operations

Executive Vice President Kasdin informed the Regents that Robert Moenart had agreed to serve as the first executive director of university audits. He also announced that Fred White would serve as interim director of financial operations and interim controller pending the conclusion of a nation-wide search for the permanent position of director of financial operations.

Establishment of the Department of Computer Science, Engineering Science and Physics (CSESP) at UM-Flint

Provost McLaughlin requested approval for the establishment of a new Department of Computer Science, Engineering Science and Physics (CSESP), which would be created by combining the Departments of Computer Science and Physics and Engineering Science. On a motion by Regent Maynard, seconded by Regent McGowan, the Regents unanimously approved establishment of the Department of Computer Science, Engineering Science and Physics (CSESP) as described in the Regents Communication.

Salaries

President Bollinger noted that the annual report of faculty and staff salaries was being released that day.

President's Salary. Regent Deitch made the following statement:

“The Board of Regents has conducted President Bollinger’s annual performance review, as called for in his letter of engagement. During that review we unanimously agreed that the president’s performance has been superlative. In my judgment, there are two principle reasons for that: First, Mr. President, you are a pleasure to work with. You lead with a unique combination of logic, values, data, and heart. You are a person with whom one may disagree without needing to be disagreeable. Second, and most importantly, you brought to your position an uncompromising commitment to excellence which has manifested itself in a wide array of tangible achievements and intangible benefits.

Therefore, I move that the president’s annual base salary be increased approximately 5%, from \$295,996 to \$311,000, effective September 1, 1999 and continuing through August 31, 2000. I would note that we are taking action on this increase at this time in an effort to coincide with the release of the general institutional salary schedules, all of which carry an effective date of September 1, 1999.”

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

President Bollinger thanked the Board, noting that he enjoys his work and feels very fortunate to be serving as president. He thanked his wife, Jean, for her many contributions to the University, and acknowledged the spouses of the executive officers and all of those who work in

administration. He concluded by thanking the Regents for all of their efforts on behalf of the University.

There being no further business, the meeting was adjourned at 11:05 a.m. The next meeting will be held February 17, 2000.