

NOVEMBER MEETING, 2000

*The University of Michigan
Ann Arbor
Thursday, November 16, 2000*

The Regents convened at 1:45 p.m. in the Regents' Room. Present were President Bollinger and Regents Brandon, Horning, Maynard, McGowan, Newman, and White. Also present were Vice President Feagin, Interim Vice President Harper, Executive Vice President Kasdin, Vice President and General Counsel Krislov, Chancellor Little, Chancellor Mestas, Executive Vice President Omenn, Vice President Rudgers, Vice President and Secretary Tedesco, Vice President Ulaby, and Vice President Wilbanks. Provost Cantor and Regent Taylor were absent. Regent Deitch arrived shortly after the start of the meeting.

Vice President for Student Affairs

President Bollinger announced his recommendation for the appointment of Interim Vice President E. Royster Harper as vice president for student affairs. He observed that he has had opportunities to work with Ms. Harper under the most difficult circumstances, and she has not only acted with professional distinction but also with "enormous human sensitivity."

Regent Newman moved approval of the appointment of E. Royster Harper as vice president for student affairs. Regent McGowan seconded the motion. Regent Newman commented that "this is a great appointment" and that she looked forward to working with Vice President Harper. Several other Regents expressed agreement. The vote was then taken, and the motion was approved unanimously, followed by a round of applause. Vice President Harper responded that she is "excited and honored and committed to trying to do a really fine job on behalf of our students."

Student Deaths

Vice President Harper reported that several young students had died during the past week and among them were two University of Michigan students. Elisa Moore died in automobile accident while returning to campus after going home to vote. Another student, Byung Soo Kim, died after consuming an excessive amount of alcohol during his 21st birthday celebration. His parents, Dr. Park and Dr. Kim, speaking at a press conference, asked that the University honor the memory of their son by using this tragic occasion to help other students learn about the dangers of this type of celebratory drinking. She noted that the University has many educational programs in place aimed at reducing risky drinking behavior, but this is a problem that is not easily solved. The hope is that “multiple efforts coming from many directions and supported by all parts of the community will begin to make a difference over time.”

Vice President Harper described some of the programs already in place at the University to combat this problem, noting that the efforts are focused not solely on celebratory drinking but on the risky drinking behavior generally seen in a variety of contexts. In the coming months, she said the University would use the example of Byung Soo Kim to extend and reinforce efforts to teach students about the dangers of excessive drinking. She noted that a full-time coordinator to address issues of alcohol and other drugs is expected to be hired by winter term. Additional, more aggressive, educational efforts are also underway. Mr. Kim’s parents have also established a fund in their son’s memory to provide education and assistance on substance abuse issues for international students. Vice President Harper read from a statement written by the parents memorializing their son, asking members of the University community to “please join us in honoring his memory by helping others learn from his tragic loss.” She noted that she would be attending the funeral that afternoon.

“Michigan Greats”

President Bollinger called on Vice President Ulaby. Vice President Ulaby introduced Professor Brian Gilchrist, faculty advisor for the Icarus Student Satellite Project, a joint project between NASA and the University of Michigan. Professor Gilchrist introduced some of the participating students and faculty members: B.T. Cesul, Linda Neustadt, Chris Davis, Boon Lim, Raja Roumadis, Steve Lendsisara, Hannah Goldberg, and John Van Nord. He and Mr. Cesul gave an overview of the project, noting that it is Michigan’s first student satellite.

President’s Letter of Agreement Extension and Salary Increase

President Bollinger called on Regent McGowan, who read the following statement:

Regents’ Resolution

On October 20, 2000, following a meeting with President Bollinger in which we reviewed the status of the issues that had required his particular attention during the past academic year and his detailing of the issues he believes will confront the University this year, the Board met together alone. It was our purpose to determine the degree of the Board’s satisfaction with his performance for the year just past and the salary we would offer him for the current year.

It is always difficult at any public institution to put a dollar amount to the actual value that a board attaches to the successful leadership efforts of its president. A proposal was therefore advanced that, in addition to any salary increase that we might be able to offer, we also extend to the president an invitation to extend the terms of his existing Letter of Agreement, signed on November 12, 1996, far into the future.

The Board agreed, and President Bollinger has accepted, an offer to extend to January 31, 2006 his term in office and a 5% increase in his salary for this year, which would increase his salary from \$313,000 to \$326,550.

The other terms of the November 12, 1996 letter, a public document, remain in place, including the full review of his performance at the conclusion of his original term.

This action by the board is meant to make clear to President Bollinger and to the University community, that we are extremely well-pleased with his performance. A primary responsibility of a board is to encourage its president, if it believes that he is leading the University well, to stay in place and continue to lead the University well into its future. I believe we are fulfilling that responsibility today.

Therefore, I move that President Bollinger's salary be increased by 5% to \$326,550, retroactive to September 1, 2000, and that his Letter of Agreement be extended through January 31, 2006.

Regent Horning seconded the motion. Regent Deitch commented that if he were asked to list the traits and accomplishments that he would like to see in the leader of the University, President Bollinger's performance would surpass idealized expectations. He noted, "I think you provide great leadership to the University in many, many areas, and I look forward to working with you in the years to come."

President Bollinger thanked the Regents for their support and recognized the vice presidents and their staffs, noting that the job is a collective effort. He also thanked his wife, Jean, along with the spouses of the other executive officers.

There being no further comment, the vote was taken and the motion was approved unanimously. A round of applause followed.

Consent Agenda

Minutes. Vice President Tedesco submitted the Minutes of the meeting of October 19-20, 2000.

Reports. Executive Vice President Kasdin submitted Reports on Investment and Plant Extension. He noted that although the value of the endowment is being maintained for the time being, the University should expect to give back some of last year's extraordinary gains.

Vice President Krislov submitted the Litigation Report.

Vice President Ulaby submitted the Report of Projects Established, October 1-31, 2000.

University of Michigan Health System. Executive Vice President Omenn displayed a plaque from the National Research Corporation naming the University of Michigan Health system a "Consumer Choice" award winner by the people of Ann Arbor. He also noted that the

Department of Dermatology is ranked #1 in the country, and commented on a number of other Health System programs and events. Regarding the budget, he observed that the health system is on track with its financial performance, and that M-Care is also in a very good financial position.

Student Affairs. There was no additional report from the Division of Student Affairs.

UM-Dearborn. There was no report from the Dearborn campus.

UM-Flint. Chancellor Mestas reported that its enrollment market analysis had been completed and a report has been issued and distributed. He noted that the report includes a strong recommendation to build student housing on the Flint campus, and this recommendation would be receiving considerable attention over the coming months.

Michigan Student Assembly. President Bollinger called on Mr. Hideki Tsutsumi, chair of MSA. Mr. Tsutsumi called on Ms. Sherry Katz, chair of the “Voice Your Vote” Commission of MSA, to report on MSA’s voter registration efforts. Ms. Katz introduced other leaders of the Voice Your Vote Commission, including Duncan Wong, Michael Gold, Christina Hollenback, and Michael Pearson. The students described the activities that the commission had sponsored during the presidential election campaign in an effort to increase the involvement of young people. They noted that their efforts had been very successful and had received national attention, and thanked the Regents and administration for their support.

Voluntary Support. Vice President Feagin submitted the Report of Voluntary Support for October 31, 2000.

Personnel Actions/Personnel Reports. A number of Personnel Actions and Personnel Reports were submitted.

Retirement Memoirs. Vice President Tedesco submitted for adoption three retirement memoirs.

Memorials. Vice President Tedesco submitted a memorial statement for Joan M. Butler, senior associate librarian.

Degrees. Honorary Degrees. President Bollinger submitted recommendations for the following individuals to receive honorary degrees at the Winter 2000 Commencement: Elmore Leonard, author, Doctor of Humane Letters; Madame Lin Ju Ying, honorary president, Chinese Nurses Association, Doctor of Science; and John Tishman, CEO of Tishman Realty and Construction, Doctor of Engineering.

The December 2000 Doctoral Degree List was submitted for approval.

Approval of Consent Agenda. On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved the Consent Agenda.

Six Months Report on University Audits

Executive Vice President Kasdin and Executive Director of University Audits Robert Moenart submitted the Six Months Report on University Audits.

Alternative Asset Commitments

Executive Vice President Kasdin informed the Regents that follow-on investments had been made in Trinity Ventures VIII, L.P. (\$5.0 million) and Whitney V, L.P. (\$15.0 million).

Alternative Asset Commitment

On a motion by Regent Newman, seconded by Regent Maynard, the Regents unanimously approved commitment of \$10.0 million from the Long Term Portfolio to CT Mezzanine Partners II, L.P.

Gordon Hall, Village of Dexter

Executive Vice President Kasdin submitted a recommendation for approval of the sale of Gordon Hall in the Village of Dexter. He noted that this historically significant property, which is on the National Register of Historic Places, dates back to the 1840s and is believed to have been part of the Underground Railroad. Consistent with the University's desire that the house be preserved as a landmark and treated in a respectful manner, it is encouraging the community and state to designate the house as a historic landmark so that it cannot be destroyed. He noted that sale of the property will not begin until six months after starting the process of designating it as a historic landmark.

Regent White moved approval of the sale of Gordon Hall in the Village of Dexter, as described in the Regents Communication. Regent Newman seconded the motion.

Vice President Wilbanks commented that she and her staff had met with a number of people in the community and they are pleased that the University is seeking a historic designation for this building. Regent McGowan asked whether the University's intentions and the community's responsibilities in this matter were broadly understood within the community of Dexter. Vice President Wilbanks responded that they were, and that the community is a willing participant with the University in seeking the historic designation in an expeditious fashion.

It was pointed out that the historic designation is intended for the site, which includes the house and the approach to the house from the front, but not the 70 acres around the house. There being no further discussion, the vote was taken and the motion was approved unanimously.

Yost Ice Arena Seating Addition

On a motion by Regent Horning, seconded by Regent Deitch, the Regents unanimously approved issuing the Yost Ice Arena seating addition for bids and awarding the related construction contracts, providing the project remains within the overall project budget.

Palmer Drive Central Chillers

On a motion by Regent Brandon, seconded by Regent Deitch, the Regents unanimously approved the Palmer Drive Central Chillers Project as described, and authorized issuing the project for bids and awarding a construction contract providing that bids are within the approved budget.

Women's Gymnastics Facility

Executive Vice President Kasdin noted that funding for this project will be provided by donated funds, and will include funding for life cycle maintenance of the building and contingency support. Mr. William Martin, Athletic Director, observed that women's gymnastics is one of the department's premier sports, and it is hoped that this team will yield the first women's championship in any sport.

Regent Horning moved approval of the Women's Gymnastics Facility Project as described and authorized commissioning David W. Osler Associates, Inc. for its design. Regent White seconded the motion.

Regent McGowan asked what other uses are foreseen for the land on which the gymnastics facility will be located. Mr. Martin responded that the Athletic Department is hiring a planner to do a master plan for the athletic campus. The gymnastics facility ideally fits the piece of land where it is to be located. Other potential uses for this site include men's soccer fields and

new baseball fields, which would free up land in other parts of the athletic campus. He also mentioned the possibility of reconfiguring the current outdoor track into a multi-sport facility.

Executive Vice President Kasdin noted that there are a number of implications and non-athletic considerations for further use of the land on which the gymnastics facility is to be built; no new projects will proceed without full discussion of all of these. The vote was then taken, and the motion was approved unanimously.

Science Instruction Center Building

On a motion by Regent Newman, seconded by Regent White, the Regents unanimously approved appointment of the SmithGroup, Incorporated as the architect of record, and Michael Wilford Architects, Limited to lead the design of the building for the Science Instruction Center Building project.

University of Michigan Hospitals and Health Centers (UMHHC) University Hospital (UH) Chiller Replacement

On a motion by Regent Brandon, seconded by Regent Newman, the Regents unanimously approved the University of Michigan Hospitals and Health Centers (UMHHC) University Hospital (UH) Chiller Replacement Project and authorized issuing the project for bids and awarding a construction contract providing that bids are within the approved project budget, and the Certificate of Need is obtained from the state.

Amendment of Contract with Architecture Buro

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved amendment of two contracts for design services by Architecture Buro, as described in the Regents Communication. Because the sole proprietor of Architecture Buro, Christian Unverzagt, is also a University of Michigan employee, this purchase 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 A. Alfred Taubman College of Architecture and Urban Planning, and Architecture Buro.
2. The service provided is design work for College functions and lecture series, to be provided for the calendar year ending February 28, 2001, with PO 3000129030 being increased from \$2,250 to \$3,000 and PO 3000129032 being increased from \$2,250 to \$6,000.
3. The pecuniary interest arises from the fact that Christian Unverzagt, a University of Michigan employee, is the sole proprietor of Architecture Buro.

Proposed Research Agreement between the University of Michigan and Michigan State University

On a motion by Regent McGowan, seconded by Regent Newman, the Regents unanimously approved a research agreement between the University of Michigan and Michigan State University, involving collaboration with Dr. Hiram Fitzgerald at Michigan State University. Because Dr. Fitzgerald also holds an adjunct professor position 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 Michigan State University.
2. Under terms of the agreement, a total subcontract of approximately \$329,000 is anticipated to cover the period June 1, 2000 through May 31, 2005. The University's standard subcontract provisions will apply.
3. Dr. Fitzgerald's pecuniary interest arises from his appointment as a faculty member at Michigan State University. His adjunct appointment at the University of Michigan is without compensation.

Proposed Research Agreement between the University of Michigan and Clark-MXR, Inc.

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved a research agreement between the University of Michigan and Clark-MXR, Inc. Because Gerard Mourou is both a University of Michigan employee and a part-owner of

Clark-MXR, 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 Clark-MXR, Inc.
2. The terms of the agreement are acceptable and conform to University policy. The amount of the subcontract to the University is \$149, 918. The period of performance is 2 years.
3. Dr. Mourou’s pecuniary interest arises from his partial ownership of Clark-MSR, Inc. He will devote no effort to this project on behalf of the University or the company, and has played no role in the proposal submission or negotiation of the Agreement with the University.

Proposed License Agreement between the University of Michigan and Cancer Stem Cell Genomics, Inc.

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved a proposed license agreement between the University of Michigan and Cancer Stem Cell Genomics, Inc. (“CSCG”) Because three of the four principal owners of Cancer Stem Cell Genomics, Inc. (Max Wicha, M.D., Michael Clarke, M.D., and Sean Morrison, Ph.D.) are also University of Michigan employees, 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 Cancer Stem Cell Genomics, Inc.
2. Licensing Terms include:
 - Field of Use: All Fields.
 - Grant: Exclusive world-wide license, with a right to grant sublicenses
 - License Fee: \$10,000 in three installments
 - Maintenance Fees: \$410,000 per year to be offset by research grant revenue
 - Patent Costs: All current and future patent costs will be paid by CSCG.
 - Equity: 10% to be held by the University of Michigan in CSCG subject to dilution corresponding to that of the founders
 - Research Funds: \$500,000 over three years
 - Royalties: 1% on Net Sales of Products and Process by CSCG and its sublicenses to be offset by patent costs
 - Performance criteria: Specified milestones must be met in order to maintain the rights granted by the license

The University will retain ownership of the licensed technology and may continue to further develop it and use it as a research tool.

No use of University services or facilities, nor any assignment of University employees is obligated under the agreement, although a funded research agreement is required.

3. Drs. Wicha, Clarke, and Morrison's pecuniary interest arises from their ownership in the company. They have waived any personal participation in the sharing of funds received by the University from Cancer Stem Cell Genomics, Inc. as a result of this License Agreement.

Henry Russel Award for 2001

President Bollinger reported that the Henry Russel Award Selection Committee had selected Lisa M. Curran, assistant professor of ecology and environmental biology in the School of Natural Resources and Environment and assistant professor of biology in the College of Literature, Science, and the Arts, to receive the Henry Russel Award for 2001.

New Degree Program for the College of Engineering and Computer Science, University of Michigan-Dearborn (*"Bachelor of Science in Software Engineering"*)

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved a new degree program, "Bachelor of Science in Software Engineering," to be offered by the College of Engineering and Computer Science at the University of Michigan-Dearborn.

Non-Tenure-Track Clinical Appointment Sequence in the School of Education and Human Services, University of Michigan-Flint

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved establishment of a non-tenure-track clinical appointment sequence in the School of Education and Human Services at the University of Michigan-Flint.

Revision of Academic Calendar for University of Michigan-Flint

On a motion by Regent Brandon, seconded by Regent Horning, the Regents unanimously approved a revision of the academic calendar for the Winter 2001, Winter 2002, and Winter 2003 terms at the University of Michigan-Flint, as described in the Regents Communication.

Public Comments

The Regents heard comments from the following individuals, on the topics indicated: Audrey Jackson, alumna, Jeffrey Harold, staff, D'yall K. McAllister, student, and Sabrina Charles, student, on the vice president for student affairs appointment; Gary Hann, alumnus, on continued waste of money and resources; Michael Dover, student and Roland Zullo, faculty, on outsourcing; and Michelle Rudy, Jackie Bray, and Peter Romer-Friedman, students and members of SOLE, on the Code of Conduct implementation.

Motion to Meet in Informal Session

Regent Horning moved that this formal session of the Regents be adjourned and a non-formal session begun, for the purpose of consulting with the Board's attorney regarding trial or settlement strategy in connection with specific pending litigation. Regent White seconded the motion, and it was approved unanimously.

Following the informal session, the meeting was adjourned at 5:45 p.m. The next meeting will take place December 14-15, 2000.