

JUNE MEETING, 2000

*The University of Michigan
Ann Arbor
Thursday, June 15, 2000*

The Regents convened at 1:40 p.m. in the Regents' Room. Present were President Bollinger and Regents Brandon, Deitch, Maynard, McGowan, and Taylor. Also present were Provost Cantor, Vice President Feagin, Executive Vice President Kasdin, Interim Chancellor Klein, Vice President and General Counsel Krislov, Executive Vice President Omenn, Vice President Rudgers, Vice President and Secretary Tedesco, Vice President Ulaby, and Vice President Wilbanks. Regents Horning and Newman and Chancellor Mestas arrived shortly after the start of the meeting. Regent White and Interim Vice President Harper were absent.

President Bollinger called the meeting to order and called on Provost Cantor.

M-Pathways

Provost Cantor announced that the student information systems portion of the M-Pathways project had experienced a successful roll-out last week. This included conversion of 65,000 active student records and accounts and training of 1,200 people on the new system. The project involved collaboration between the schools and colleges and the central administrative offices. She noted that students on campus for summer orientation sessions have been able to successfully register on-line due to the success of this project. She introduced Laura Patterson, M-Pathways project manager; John Gohsman, M-Pathways student administration sub-project manager; Tom McElvain, University registrar; Pam Fowler, director of the Office of Financial Aid; Chip Simper, manager of student loans and student financials; Sue Eklund,

M-Pathways change management manager; and Lester Monts, associate provost and the administrator with overall responsibility for the student administration offices.

Executive Vice President Kasdin observed that implementation of these systems has been problematic for most universities, and it is a credit to those responsible for it on this campus that the implementation has gone so smoothly.

A round of applause followed.

Committee on the Economic Status of the Faculty (CESF) Report - Ann Arbor Campus

This report was presented by Professor Rudi Lindner, chair of CESF. Professor Lindner reviewed compensation guidelines that had been forwarded to the provost last year. These include non-discrimination; openness about the determination of compensation; consistency in the application of policy; peer review; communication; and accountability. He noted that CESF is working with the administration to get a better understanding of the distribution and nature of faculty compensation across the University.

Professor Lindner also discussed what CESF believes to be the growing impact of the use of merit salary pools available to units for meeting outside offers for faculty members. He noted that it is the best departments whose faculty are most frequently raided, and thus faculty in these departments may be impacted multiple times. As one of the remedies for this, he suggested that faculty join in University-wide fundraising effort.

UM-Dearborn Faculty Senate Budget and Finance Board Report

This report was given by Professor James Knight, chair of the UM-Dearborn Faculty Senate Budget and Finance Board. Professor Knight described the report's four recommendations: 1) development of global fiscal and academic performance measures; 2) development of a long-term plan for improving faculty salaries; 3) Addressing the significant

financial risks posed by the large and growing debt load on the Dearborn campus; and 4) Providing a formal mechanism through which faculty can have more informed input into the budgetary decision-making process.

Professor Knight also observed that compared with its Michigan IIA public university peer institutions, UM-Dearborn ranks below average in most comparative measures of academic quality, including faculty salaries. Administrative expenses and tuition, however, are high relative to peer institutions.

Committee on the Economic Status of the Faculty (CESF) Report - Flint Campus

Professor Robert Stack presented the report for the Flint campus. He noted that the Flint CESF report underscores the “alarming drop” in real and relative salary position the UM-Flint faculty has experienced for more than five years, to the point where faculty salaries are in the lowest tier of peer institutions and have failed to keep pace with inflation. The committee has focused on examining the impact of this salary trend on faculty inversion and compression. It also plans to develop, in cooperation with the administration, a reliable and useful salary database and data collection process that will enable faculty and administrators to monitor and correct salary deficiencies and inequities in the future. He praised Chancellor Mestas for his supportive attitude and openness in the budget process, and expressed the hope that this openness will lead to improvements in the budget process and in faculty and staff compensation across the campus.

Regent Maynard observed that it might be helpful if the Flint and Dearborn campuses would collaborate on their reports so that it would be easier to compare data between the two campuses as well as against peer institutions.

Regent Newman arrived at the meeting at this point.

University of Michigan Alumni Association Update

President Bollinger called on Mr. Steve Grafton, executive director of the University of Michigan Alumni Association. Mr. Grafton indicated that notebooks with material from the Alumni Association had been distributed at the meeting.

Mr. Grafton stated that the Alumni Association is an independent, worldwide organization that nurtures lifelong relationships with and among current and future Michigan alumni. Underlying the association's activities is a belief in the value of education to the well-being of society and a commitment to integrity, diversity, and service. He noted that the alumni association was incorporated in 1897, and is a not-for-profit organization.

Mr. Grafton explained the relationship between the Alumni Association and the University, noting that staff members receive University checks and benefits, but that he reports to a volunteer board of directors and not to anyone at the University. The Alumni Association raised the money to build its building, then donated the building to the University for the use of the association. In support of the Association's help with development efforts, the University has been allocating \$267,000 annually to the association for about 30 years.

Mr. Grafton reviewed Alumni Association programs, which include a travel program, Camp Michigania, sponsorship of bowl tours, legislative advocacy, on and off-campus alumni education programs, and publishing of the alumni magazine. He noted that the association is in a strong financial position. He also pointed out that the association has a long-standing, firm commitment to diversity, and that this is an important issue for the association.

Mr. Grafton pointed out that although the Alumni Association membership of 100,000 represents about 28% of alumni, the remaining 72% remain unconnected. He described efforts underway to engage segments of alumni who traditionally remain uninvolved in alumni affairs.

These include offering programs in the areas of networking, career services, continuing education, and email. To broaden its appeal, the association is taking a life-stage approach by dividing alumni into four market segments, and it is continuing to do research so that it can more directly meet the needs and desires of alumni. He described some recent nontraditional events that have been targeted to alumni at different life stages.

The association's membership policy is changing so that individuals who join the Alumni Association will automatically become members of their local clubs. Mr. Grafton concluded that the goal is to create an association that is valuable enough to alumni that they will want to be a part of it, as this will create alumni that will be most helpful to the University.

President Bollinger commented that although some of the changes the association is trying to make are controversial for some groups, he supports the goal of becoming more of a force in the University.

Athletic Department Update

President Bollinger called on Mr. Bill Martin, interim athletic director, who reviewed what he has learned about the Athletic Department in just over 100 days on the job. Mr. Martin introduced several department staff members who were present. He also thanked former athletic director Tom Goss for the wholehearted cooperation he has shown in assisting him during the transition in leadership of the department and praised the Athletic Department staff.

Mr. Martin reported that with the addition of men's soccer and women's water polo in the fall, there will be 25 varsity sports and 44 club sports. The University is consistently ranked among the top five of 318 Division I colleges and universities nationally, and is currently number 3, as measured by the Sears Cup. The University leads the Big 10 in gender equity and

it grants the maximum number of scholarships permitted in every sport. The budget is approximately \$45 million.

The goals of the Athletic Department, he noted, are to continue Michigan's tradition of national excellence in competitive sports, support academic excellence, remain committed to gender equity and diversity, and achieve long-term financial equilibrium. The two major challenges facing the department, he noted, are academic alternatives for student-athletes, and returning to financial equilibrium.

Regarding academics, he said that as a guiding principle, the Big 10 conference states that student athletes must be provided with "viable and attainable opportunities for academic success." He noted that historically, 10 percent of student-athletes are "at risk" academically (lower than 2.21 GPA), and that at-risk student-athletes are over-represented in the Division of Kinesiology. Mr. Martin observed that Provost Cantor has agreed to consider a pilot program for enhanced academic support, and that efforts are going to be made to strengthen the ties among coaches, student-athletes, faculty, and administration. He praised Provost Cantor for all of her help to date.

Mr. Martin described the major financial issues facing the Athletic Department. He pointed out that the department is not in financial equilibrium, and its budget for 2000-2001 will most likely have a deficit. However, he said he is confident the deficit can be eliminated in the following fiscal year. He noted that the mission of competitive excellence for all sports carries with it a significant financial commitment, since the University funds the full NCAA scholarship limit available for each of its 25 sports, and 70 percent of athletic scholarships go to non-resident athletes. In addition, expenses have escalated faster than revenues as a result of adding sports, infrastructure maintenance, and inflation. Several needed capital improvements are being

deferred, but will need to be addressed in the future. He observed that although football tickets are a major source of revenue, ticket prices will not be raised for the coming season.

Mr. Martin noted again that in 2000 there will be 12 men's and 13 women's sports, and that there are not enough resources to add any additional sports. He reviewed the methods used by other Big Ten institutions to raise revenues for athletics, which include naming rights, preferential seating programs, seat licenses, suite rentals, and scoreboard advertising.

Regarding costs, he noted that the University of Michigan spends more than any other Big Ten institution in annual grant-in-aid costs (\$8.3 million). Unlike the University of Michigan, some Big Ten athletic departments receive funding from administrative support and have other approaches for tuition of student athletes. In the area of debt service, Michigan's debt load (\$15 million) and debt service costs (\$2.7 million) are substantially less than those of many peer Big Ten institutions.

Mr. Martin said that \$20-25 million will be needed over the next five years to fund facility infrastructure renovations, including \$5 million for Crisler Arena. Planned facility expansions will cost an additional \$30 million, but many of these expenses will be derived through fundraising efforts. Among the alternatives being examined for reaching financial equilibrium beyond FY 2000-2001 are increasing football ticket prices in line with those of peer institutions; implementing preferential seating plans (including sky boxes) and seat license programs; adding seating in Yost Ice Arena and Michigan Stadium; and exploring new sources of revenue that could be derived from such initiatives as facility rentals and advertising.

Mr. Martin then reviewed cost containment initiatives planned for the coming fiscal year. These include a 7 percent target budget reduction for most sports; reducing publications

expenses; reducing facility staff overtime; and making more effective use of the department's production studio.

Mr. Martin concluded that the only way the Athletic Department can continue its traditional mission and record of excellence is by acquiring additional resources. These resources can be generated within the department with the support of the Board of Regents and administration.

Resolution in Honor of Michigan Academic Competition Team

President Bollinger called on Regent Brandon, who read the following resolution:

Regents' Resolution

The Regents of the University of Michigan congratulate the 1999-2000 Michigan Academic Competition team for another superb season, culminating in the winning of the College Bowl National Tournament April 30 at Bentley College in Waltham, Massachusetts.

Led by Coach Ati Tislerics, the five-member team was comprised of Craig D. Barker, Michelle LaLonde-Reaume, Stephen Traicoff, Noel Erinjeri, and captain and tournament all-star Michael Davidson. It was the third time in five seasons that a Michigan team has captured the national championship.

The academic team's triumphant showing over leading contenders from other regions and ultimately the University of Arkansas crowned a season characterized by outstanding training and teamwork.

The Regents proudly salute all the students who participated in the Michigan Academic Competition program and thank this year's College Bowl National Champions for so ably representing the University of Michigan.

The team members came forward to accept the resolution and were introduced. A round of applause followed. Team member Craig Barker thanked the Regents for supporting the team through funding of the University Activities Center over the years.

Resolution in Honor of Interim Chancellor Bernard W. Klein

Regent Taylor called Interim Chancellor Klein to the podium and read the following resolution:

Regents' Resolution

Once again the Regents of the University of Michigan express their gratitude to Dr. Bernard Klein as he steps down following an unprecedented third term as interim chancellor of the University of Michigan-Dearborn.

A highly regarded faculty member and gifted administrator, Dr. Klein has demonstrated a keen understanding of the campus and its students. His deep love for the University of Michigan-Dearborn is abundantly clear.

Dr. Klein brought to this position his profound ability to communicate with all members of the University community, his renowned sense of humor, and his access and influence among decision-makers in southeastern Michigan. Through his career in public service and elected office, he developed strong ties with many leaders in metropolitan Detroit, ties that have benefited the Dearborn campus and the larger University over the past thirty years.

Although some may conjecture that he has reached his term limit as interim chancellor, Bernie Klein knows that a good leader never says "never."

The Regents commend Dr. Bernard Klein and convey their heartfelt appreciation for his loyalty and dedicated service to the Dearborn campus and to the University of Michigan.

A round of applause followed. Dr. Klein thanked the board for its support, noting that he had enjoyed the experience and was very gratified by the tribute.

Michigan Greats

Vice President Ulaby announced that this month's presentation would highlight the work of Michael K. Daugherty, professor of music (composition). Professor Daugherty is currently also composer in residence with the Detroit Symphony Orchestra, and his new work, "Rosa Parks Boulevard," had just been premiered by the orchestra.

Professor Daugherty gave a presentation illustrating the process by which he developed "Rosa Parks Boulevard." The presentation included demonstrations of various elements of the piece by trombonist Robert Meyer and a video of the premier performance by the Detroit Symphony Orchestra.

Motion to Meet in Informal Session

Regent Maynard read the following motion: I move that we adjourn this formal session of the Regents and begin a nonformal session, the purpose of which is to consider a personnel evaluation.

The meeting continued in informal session until 4:10 p.m., at which time it reconvened in formal session for Public Comments.

Public Comments

The Regents heard comments from the following individuals on the topics indicated: Audrey Jackson, alumna, Douglas C. Kelley, former staff member, Eugene Feingold, faculty member, Ronald C. Bishop, professor emeritus, Clifford E. Douglas, alumnus, and Andrew Lurie, student, in favor of divestment of tobacco stocks; Michael Edwards, president of ASFCME Local 1583 and Warren Jenkins, bargaining chair of ASFCME Local 1583, on plans to privatize the UM Hospitals cafeteria; Larry Harvilla, student, on the possible merger of AATA and the University bus system; and Nicholas Waun, student, on corporate influence in universities.

Following public comments, the informal session resumed from 4:50 until 5:30 p.m.

Friday, June 16, 2000

The Regents met at 9:45 a.m. Present were President Bollinger and Regents Brandon, Deitch, Horning, Maynard, McGowan, Newman, and Taylor. Also present were Provost Cantor, Vice President Feagin, Executive Vice President Kasdin, Interim Chancellor Klein, Vice President and General Counsel Krislov, Chancellor Mestas, Executive Vice President Omenn,

Vice President Rudgers, Vice President and Secretary Tedesco, Vice President Ulaby, and Vice President Wilbanks. Regent White and Interim Vice President Harper were absent.

President Bollinger called the meeting to order. He announced that Professor Susan Alcock, associate professor in the classical studies department and assistant research scientist in the Kelsey Museum of Archaeology, had just been awarded a prestigious MacArthur Foundation Fellowship.

Consent Agenda

Minutes. Vice President Tedesco submitted the minutes of the meeting of May 18, 2000.

Reports. Executive Vice President Kasdin submitted reports on Investment, Plant Extension, and Human Resources and Affirmative Action. Regarding the Investment Report, he noted that the December 31, 1999 proportion of the asset allocation in venture capital has increased due to the fact that a number of publicly traded stocks that will be distributed to the University are still being held by the partnerships. Although the target allocation for alternative assets is 30 percent, the allocation as of December 31 was 34 percent. However, when the publicly traded stocks still being held by the partnerships are not counted, the allocation is well before the 30 percent target. He noted that this situation is being closely watched by investment office staff.

Vice President Krislov submitted the Litigation Report.

Vice President Ulaby submitted the Report on Projects Established for May 2000. He noted that awards to date are at a record high, representing a 42 percent increase over last year, for a total of \$699 million.

University of Michigan Health System. Executive Vice President Omenn reported that the health system projects at least a \$13 million increase in external grant support for its medical

research programs, and it expects to close the current fiscal year with a positive balance. For the upcoming fiscal year, he noted that the health system has set an expense reduction target of \$35-\$40 million.

University of Michigan-Dearborn. Interim Chancellor Klein noted that the campus was eagerly awaiting the arrival on July 1 of newly appointed chancellor Daniel Little.

University of Michigan-Flint. Chancellor Mestas shared the accomplishments of two students from the Flint campus: Sean Michael Welch and Jason Holt. Mr. Welch is an award-winning playwright, who won the John Cauble Short Play Award at the Kennedy Center/American College Theatre Festival in Washington, D.C., in April 1999. Mr. Holt is a multi-talented individual with an almost perfect academic record who just received three degrees from UM-Flint and will begin pursuing a Ph.D. degree in the fall.

Michigan Student Assembly Report. Mr. Hideki Tsutsumi, president of MSA, reported that one of MSA's major initiatives in the coming year will be expanding the student lobbying effort with the state legislature in an effort to gain increased support for higher education from Lansing.

Voluntary Support. Vice President Feagin submitted the Report of Voluntary Support. She noted that the University had recently received two irrevocable trusts from Lincoln Knorr, and that there has also been a significant increase in outright gifts from individuals.

Personnel Actions/Personnel Reports. Provost Cantor highlighted the proposed appointment of Professor Barry Rabe as interim dean of the School of Natural Resources and Environment and appointments as distinguished university professors for Richard Crawford and Homer Neal.

Retirement Memoirs. Vice President Tedesco submitted retirement memoirs for 23 faculty members.

Memorials. Vice President Tedesco submitted a memorial statement for Stuart Sankey, professor of music (double bass).

Degrees. President Bollinger submitted a recommendation for award of an honorary degree to Vaclav Havel, president of the Czech Republic.

On a motion by Regent McGowan, seconded by Regent Brandon, the Regents unanimously approved the Consent Agenda.

Divestiture of Tobacco Securities

President Bollinger commented that he had sent a memorandum to the Regents in support of the recommendation of the Tobacco Advisory Committee that the University divest itself of tobacco stocks. He emphasized that this proposal had emanated from within the University many months ago, and that the precedent for considering the issue was set in the late 1970s and early 1980s when the issue was divestiture of stocks of companies doing business in South Africa. The standard set at that time was that a company or organization must be acting in ways that are deeply abhorrent to University principles and inconsistent with the mission of the University. The process followed at that time led to divestiture of such stocks.

In the current case, it was decided that divestiture would only be considered after there had been extensive consideration within the campus from groups representing students, faculty, and staff. If these recommendations were positive, an ad hoc advisory committee would then be set up to consider the issue. This is the process that did, in fact, occur, and the advisory committee has returned a recommendation in favor of divestment.

President Bollinger observed that this is a matter on which people of reasonable minds can differ. He noted that the University needs to be careful not to politicize such decisions due to the danger that taking a position on a major public issue might discourage people who disagree from expressing their views. It is also important not to discourage the openness to all points of view that is one of the defining characteristics of a University. On the other hand, he commented that Universities must not consider themselves completely outside of any moral or ethical norms. When there is behavior that is against the norms of the University and inconsistent with its mission, the University must consider taking a position. The committee report describes the harmfulness of tobacco and the duplicity of the companies in denying that this is the case. The major points, he concluded, are that this request has emanated from within the institution and has been considered extensively and carefully, and the community is calling upon the Regents to act on the belief that it would be inconsistent for the University to maintain its principles and simultaneously be an owner of these organizations.

Regent Maynard moved divestiture of direct holdings of stock in tobacco manufacturing companies, and requested that the vote be made by a show of hands. Regent Taylor seconded the motion.

Regent Brandon commented that this is the hardest vote he has had to consider since joining the board, because he does not like either choice. Voting against it, he believes, would show sympathy towards tobacco companies, and this does not reflect his opinion. However, a vote in favor would also be problematic due to the inconsistencies and hypocrisies inherent in the “symbolism” argument. Therefore, he indicated that he would abstain from voting.

Regent Taylor stated that he is angry about the fact that this issue has come up for a vote. He noted that tobacco is a dangerous substance, and that when companies produce products that

research confirms have the effects inherent in cigarettes, they should be shut down or the production and sale of the products should be made illegal. It angers him, he said, that the only recourse is the symbolic action the Regents are being asked to take. However, he concluded, “the University’s position as a premier institution in health education and health research, and as a health care provider, dictates a yes vote.”

Regent Maynard indicated that she intended to support the motion. She noted that she had to separate her own personal abhorrence toward tobacco companies and their products and what actions the institution should take. Thus she carefully considered the report of the ad hoc committee and the deliberative process established during previous divestiture discussions. She observed that this is a very troubling, serious issue and she has concluded that she concurs with the arguments of the ad hoc committee. She pointed to a statement made by one of the speakers at Public Comments that tobacco is different from other harmful products in that it kills when used as directed. She concluded that she will be voting yes because she believes it is an important step for the University to take.

Regent McGowan observed that board members have responsibility for the policy, and that there have been abundant opportunities to examine it. She noted that the deliberative process by which this policy has been considered has been extensive, including review by the ad hoc committee, the general counsel, the CFO, the president, and it is the Regents’ responsibility to either implement the policy or to change it. She stated that she is “absolutely in support of divestiture.”

Regent Deitch stated that certain basic principles govern his actions and decision-making. In this case, tobacco companies make products that kill people when used as directed, and in addition, there is evidence of cynical manipulation of the public by tobacco companies. From a

business perspective, he said he doesn't believe investment in tobacco companies is necessary to fulfill the board's fiduciary duty to maximize return. That being the case, he asked, "why own the investments?" Furthermore, he expressed that it is "absolutely appropriate" for a university to make value judgments and to state that it is not going to participate. He pointed out that divestiture of stocks from companies that did business in South Africa during the 1970s and 1980s actually worked over time. When institutions such as universities have the opportunity, he stated, they should align themselves with people with conscience and "put their money where their mouths are." He concluded that he was happy to have the opportunity to cast an affirmative vote in favor of divestment.

The vote was then taken and the motion to divest direct holdings of stock in tobacco manufacturing companies was approved, with Regents Deitch, Maynard, McGowan, and Taylor in favor, Regent Horning opposed, Regents Brandon and Newman abstaining, and Regent White absent.

Payment for Services of Ply LLC

On a motion by Regent Brandon, seconded by Regent Newman, the Regents unanimously approved a purchase contract with Ply LLC for a signage project. Because one of the partners in Ply LLC, M. Craig Borum, is also a University faculty member, this contract falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the purchase contract will be the Regents of the University of Michigan and its International Institute and Ply LLC.
2. The service provided was design and fabrication of prototype signage in March, 2000 for a total cost of \$1,475.00.
3. Professor Borum's pecuniary interest arises from his position as equal partner of Ply LLC.

Lease Agreement with M. Melissa Gross

On a motion by Regent Brandon, seconded by Regent Newman, the Regents unanimously approved a lease agreement with M. Melissa Gross. Because M. Melissa Gross is also a University faculty member, the 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 lease agreement will be the Regents of the University of Michigan and its Center for Ergonomics and M. Melissa Gross.
2. The service provided is the lease of Professor Gross' house from June 1, 2000 through July 6, 2000, at a total rent of \$1,000.00.
3. Professor Gross' pecuniary interest arises from her ownership of the house to be leased.

Amendment to License Agreement between the University of Michigan and MiTex Solutions, Inc.

On a motion by Regent Maynard, seconded by Regent Brandon, the Regents unanimously approved an amendment to a license agreement with MiTex Solutions, Inc. for the Generic Cell Controlling Method and Apparatus for Computer Integrated Manufacturing System and related software (collectively "GCC") (Technology Management Office files #683 and 683s1). Because James R. Moyne holds equity interest in MiTex Solutions, Inc. and is also a University employee, this agreement falls under the State of Michigan Conflict of Interest Contract. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and MiTex Solutions, Inc., a company in which James R. Moyne holds an equity interest.
2. Contract terms for the amendment include:

A fee of \$10,000.00 in consideration for the amendment.

Royalties to the University remain as in the original license: 12.5% of net sales of the software that was developed at the University (not less than \$750.00/copy) and 3% of net sales of software independently developed by or for MiTex that implements the patented aspect of GCC (not less than \$200.00/copy). These rates are the same as included in an

agreement in which the same technology has been licensed to another small corporation that is located in another state. So long as MiTex has its headquarters and principal place of business in the State of Michigan, the royalty rates shall be reduced respectively to 6% (not less than \$250.00) and 1.5% (not less than \$100.00).

Royalty of 20% on sublicense revenue remains as in original license.

Non-exclusive license for all fields replaced by an exclusive right to practice and commercialize the technology in the fields of semiconductor, display and memory manufacturing. The University retains ownership.

Minimum annual royalties revised to be \$500.00 for 2000; and \$1,000.00 for 2001 and each year thereafter during the term of the agreement.

Term of the agreement remains as for the life of the patent and the copyright, as applicable.

No use of University services or facilities, nor any assignment of University employees, is obligated under the agreement or this amendment.

Consent for MiTex to assign the agreement to Brooks Automation, Inc.:

If assigned to Brooks Automation, revised terms: Fee of \$30,000 up front to the University on completion of the assignment to Brooks; the University to receive 5% of all compensation to MiTex from Brooks for all intellectual property involved in a sale of substantially all MiTex assets to Brooks, including technologies developed by MiTex and technologies licensed by MiTex from other parties; no other royalties due to the University from MiTex or Brooks.

3. Dr. Moyne's pecuniary interest arises from his ownership interest in MiTex Solutions, Inc. He has waived any personal participation in the sharing of royalties received by the University from that company. Since the amended license will reduce the field of use originally licensed, Dr. Moyne's waiver will no longer apply for fields of use outside what will be licensed to MiTex.

Proposed License Agreement between the University of Michigan and Living Text, LLC

On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved a license agreement between the University of Michigan and Living Text, LLC for a non-exclusive license to a program called "Kids as Global Scientists 2000" (KGS). Because the owner and president of Living Text, LLC, Perry J. Samson, 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 Living Text, a company owned by Dr. Perry Samson.
2. Contract terms include:

Non-exclusive right to further develop and commercialize the software.

No monetary consideration.

The University retains ownership of the program and may continue to further develop it, use it in research tool, and license it to others.

No use of University services or facilities, nor any assignment of University employees, is obligated under the agreement.
3. Dr. Samson's pecuniary interest arises from his ownership in the company.

Proposed License Agreement between the University of Michigan and FreshOnLine, Inc.

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved a license agreement between the University of Michigan and FreshOnLine, Inc. Because the owner of FreshOnLine, Inc., Warren C. Whatley, 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 FreshOnLine, a company owned by Dr. Warren C. Whatley.
2. Contract terms include:

Exclusive right to further develop and commercialize the software.

License fees are \$1,000 due on signing the Agreement and \$1,000 a year.

The University retains ownership of the program 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.
3. Dr. Whatley's pecuniary interest arises from his ownership in the company.

Supplemental Information to the Certified Audited Financial Report of the Board in Control of Intercollegiate Athletics of the University of Michigan

Executive Vice President Kasdin submitted Supplemental Information to the Certified Audited Financial Report of the Board in Control of Intercollegiate Athletics of the University of Michigan. Regent Newman commented that it is curious that the University should have to provide financial information about organizations over which it has no control. Executive Vice President Kasdin stated that he would report back as to why these particular clubs are included in the audit and not others.

Alternative Asset Commitments

Executive Vice President Kasdin submitted information about investments made in follow-on funds of previously approved alternative asset partnerships. The funds are Battery Ventures VI, L.P. and Thomas H. Lee Equity Fund V, L.P.

Lease of Surgical Facilities from the Department of Veterans Affairs Ann Arbor VA Health System

Executive Vice President Omenn informed the Regents that the University of Michigan Health System is in the process of proceeding with a lease arrangement with the Ann Arbor Veterans Affairs Healthcare System for the use of operating room space in the VA Hospital by the Department of Surgery. He commented how important the relationship is between the University of Michigan Health System and the Ann Arbor Veterans Affairs Healthcare System. He observed that this has been an ongoing, long-term relationship and that the Ann Arbor VA Hospital is an important academic resource for many clinical departments of the Medical School. He noted that because Congress has mandated that the VA facilities must obtain at least 10 percent of their revenues from non-federal sources, this arrangement, which will help the

University of Michigan to expand its operating room capacity, is also very much in the interest of the VA.

Expenditure of the Julian A. Wolfson and the Marguerite Wolfson Endowment Funds for the Fiscal Year 2000-2001

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved expenditure of the Julian A. Wolfson and the Marguerite Wolfson Endowment Funds for the fiscal year 2000-2001, as described in the Regents Communication.

Authorization for Expenditures for the 2000-2001 Fiscal Year

On a motion by Regent Newman, seconded by Regent Maynard, the Regents unanimously approved authorization for temporary expenditures for the 2000-2001 fiscal year beginning July 1, 2000.

Authorization for Expenditures for the 2000-2001 Fiscal Year for the University of Michigan Health System

On a motion by Regent Newman, seconded by Regent Brandon, the Regents unanimously approved authorization for temporary expenditures for the University of Michigan Health System for the 2000-2001 fiscal year beginning July 1, 2000.

Chrysler Center for Continuing Engineering Education Renovation of Room 143

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved a project for renovation of Room 143 in the Chrysler Center for Continuing Engineering Education Building. Executive Vice President Kasdin pointed out that the cost of the project will be \$525,000, as reflected in the document in the supplemental agenda.

Institute of Science and Technology (IST) High Bay Building Addition

On a motion by Regent Brandon, seconded by Regent Newman, the Regents unanimously approved a revised budget and expanded scope for the originally approved addition to the IST High Bay Building on North Campus, and authorized issuing the project for bids and awarding a construction contract providing that bids are within the approved budget.

Medical Research Laboratory Facility Project

Executive Vice President Kasdin submitted a recommendation for the appointment of Polshek Partnership Architects for the Medical Research Laboratory Facility. Regent McGowan moved approval of the recommendation, and Regent Horning seconded the motion.

Regent Taylor left the meeting at this point, at 10:30 a.m.

President Bollinger commented that he is pleased at the progress that has been made to date in the Life Sciences Initiative. He noted that the project involves improving and enhancing the connections among the schools and colleges, among departments, and among various segments of the campus, and that it is already yielding tremendous benefits for students.

Provost Cantor said that a set of four interdisciplinary introductory courses for undergraduates covering a broad array of subjects in the life sciences has already been set up, and these build on the connections mentioned by President Bollinger.

Executive Vice President Omenn commented that the Life Sciences Initiative is incorporated into many activities at the Medical School, and the Life Sciences Institute and Medical Research Laboratory Facility are vital components of it. He also commented that the Biological Sciences Scholars Program has had a very positive effect on faculty and student recruitment.

Regent Newman inquired whether there were sufficient financial resources to pursue this project. Executive Vice President Kasdin and Executive Vice Omenn responded that funding has been identified for this and the Life Sciences Institute, two critically important projects for the University.

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

University of Michigan Hospitals (UMH) Autoclave Technology Project

Executive Vice President Omenn noted that this project for replacement of the University Hospital Incinerator had been previously endorsed by the Hospitals Executive Board and has been viewed with great favor by the Ann Arbor community.

On a motion by Regent Maynard, seconded by Regent Horning, the Regents unanimously approved the UMH Autoclave Technology Project, as described in the revised Regents Communication.

M-Care Bylaws

Executive Vice President Omenn described proposed technical revisions to Article IV, Section 4.02, Paragraph 1 of the M-Care Bylaws. On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved revision to Article IV, Section 4.02, Paragraph 1 of the M-Care Bylaws, as described in the Regents Communication.

Regents' Meeting Schedule for 2001

Given the absence of two board members, it was decided to table this item until the next meeting.

There being no further business, the meeting was adjourned at 10:45 a.m. The next meeting will be held July 13-14, 2000.