

FEBRUARY MEETING, 2001

*The University of Michigan
Ann Arbor
Thursday, February 15, 2001*

The Regents convened at 2:15 p.m. in the General Motors Conference Room at the Lurie Engineering Center. Present were President Bollinger and Regents Brandon, Deitch, Horning, Maynard, McGowan, Newman, Taylor, and White. Also present were Provost Cantor, Vice President Feagin, 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.

President Bollinger called the meeting to order and noted that Dean Steven Director was present. Dean Director welcomed the meeting participants to the Lurie Building, noting that it was a gift from the Anne and Robert H. Lurie Foundation, was designed by alumnus Charles Moore, and contains an extensive art collection.

Comments from President Bollinger

President Bollinger announced that the Royal Shakespeare Company would be in residence at the University of Michigan for three weeks, beginning March 5, 2001. He noted that this residency embodies the University's multiple roles by not only providing performances, but also interacting with students and faculty in classrooms and other venues, and by bringing knowledge and culture to Ann Arbor and the greater Michigan community. He pointed out that more than 70 events have been planned in conjunction with the performances, including lectures, seminars, workshops, and exhibits, many of which are free and open to the public.

Comments from Executive Vice President Kasdin

Executive Vice President Kasdin observed that much attention had been paid recently to an initiative by the University's Transportation Services Department to eliminate the redundancy between services provided by the Ann Arbor Transportation Authority (AATA) and the University's own bus service. This initiative would be good for the environment, would reflect the University's continuing commitment to partner with the community, save the University operating and capital expenses, ensure that all students currently employed as bus drivers would continue to have their jobs, and would result in no loss of jobs for any full-time University employee working for the bus service.

He noted that a number of concerns that have been raised by students, staff, and community members about these issues, which are consistent with concerns of the University administration. He observed that regardless of who is driving the buses, the University will continue to receive timely, clean, and safe bus service. To this end, he stated that any agreement entered into would have performance standards and would be phased in over a three-four year period, so that if at any point either party concluded separately or jointly that the relationship was not working well, it would be dissolved.

Finally, he noted that since an agreement has not yet been signed, the University wants to continue to hear concerns from members of the University community about this proposal. To that end, he invited all interested parties to continue to share their concerns with him and his staff. Executive Vice President stated that before any public discussion had begun, his staff had met with union leadership to assure them no union jobs would be lost. Additionally, a first meeting had been held with all bus drivers, including students and AFSCME members and exhaustive discussions with smaller groups and individuals had occurred and were continuing.

Regent Deitch commented that because of the degree of concern that has been expressed about this issue, he would like to have a full airing of everything related to it before the Board of Regents. Regent Taylor stated that he would like a formal mechanism established by which individuals could air their opinions about this issue, and requested a moratorium of 60 days before any actions are taken. This would allow sufficient time for all interested parties to express their concerns.

Executive Vice President Kasdin agreed, and noted that the goal of Parking and Transportation Services is to continue to improve efficiency and quality of life for members of the University community consistent with the University's values.

Regents' Resolution in Honor of Paul A. Spradlin

Regent Maynard called Mr. Spradlin to the podium and read the following resolution:

Regents' Resolution

The Regents of the University of Michigan congratulate and express their deep appreciation to Paul A. Spradlin, special adviser to the executive vice president and chief financial officer, upon his retirement.

During the past three decades of a University career that has spanned forty-nine years and six presidencies, Paul has played an integral role on every major campus construction project, essentially building the campus as we know it.

Hired by the zoology department shortly after graduating from Ann Arbor High School, Paul quickly distinguished himself. To every assignment---as a technician, instrument maker, laboratory supervisor, administrative assistant in the Literary College, assistant to the vice president for academic affairs, director of Plant Extension, and associate vice president for business operations---he has brought brilliant management skills, an ability to work effectively with faculty and staff, and a gracious, self-effacing humor.

He has overseen construction and renovations totaling billions of dollars, including the lowering of the football field in Michigan Stadium, the razing of Old Main Hospital, and the construction of the new University Hospital, as well as the renovation and construction of dozens of classroom and office buildings. More recently, Paul has led an effort to preserve University history by using new technologies to show what the campus looked like more than 100 years ago, and in so doing, he has created a rich resource for historians and campus planners.

The Regents salute Paul Spradlin for his many years of distinguished service to the University of Michigan, and extend to him best wishes for a healthy and fulfilling retirement.

A round of applause followed, after which Mr. Spradlin thanked the Regents and commented on how the University had changed during his 49-year tenure.

UM-Flint Enrollment Analysis

Chancellor Mestas observed that shortly after his arrival the decision was made to look at the future of the Flint campus, and that the process would be subject to two important conditions: all decisions would be based on data; and all members of the campus community would have an opportunity to participate in the process. To this end, he commissioned an enrollment market analysis as a means of touching on every aspect of campus life, including student life, academic programs, and support services. For example, he noted that a majority of students on the Flint campus are of nontraditional age, yet they are unable to take advantage of most activities held on campus because they are held at inconvenient times.

He reported that with the completion of the enrollment market report, the next phase of the process--engaging the University community in conversations by means of roundtable discussions--had already begun. The end result of this process will be a document consisting of three parts: 1) a commentary on the purpose of the university and what it is about; 2) identification of a number strategic imperatives; i.e., objectives, goals, and aims that are imperative for the UM-Flint to achieve; and 3) a set of strategies for getting from the current situation to the desired one. He reported that the process is to be concluded by spring, and a document will be completed by the start of the new academic year in Fall 2001.

Chancellor Mestas introduced Mr. Scott Levine, senior executive of Carnegie Communications, Inc., who gave a summary of the enrollment market analysis.

Residence Hall Planning and Construction

President Bollinger announced that Regental approval was being sought for moving forward with planning for construction of a new residence hall. This would be the beginning of a decade-long effort to try to address residence hall issues and undergraduate education in the context of residence halls, and to improve the quality of life for students.

Vice President Harper stated that this request is an important step in the administration's comprehensive plan to create and sustain diverse, learning-centered residential communities that further the University's goals. She noted that the President's Commission on the Undergraduate Experience, chaired by Provost Cantor, is examining issues related to the undergraduate experience and is looking for opportunities to create effective, stimulating learning environments for students, both within and outside of the classroom. She called on Provost Cantor to comment about where residence hall initiatives fit within broader issues involved in the study of the undergraduate experience.

Provost Cantor observed that the commission has been studying the undergraduate experience as it has been occurring across campus in recent years. This has involved many instances of extending the educational experience beyond the traditional classroom environment, which is critical to bringing the full richness and scale of Michigan's offerings to undergraduates. She noted that surveys indicate that students value the variety and scale of learning experiences that are available. However, they also indicate a desire for more opportunities for closer student-faculty interaction outside the former confines of a classroom. The residential life initiatives being proposed provide a sound beginning for the intertwining academic pursuits and student life.

Provost Cantor pointed out that the residential life initiative provides an opportunity for a lot of collaboration across the schools and colleges. For instance, office space for faculty fellows and graduate students, public performance spaces, and technology and learning centers, could all be imported into the residential life setting. Living/learning opportunities would be increased, as would the level and quality of student advising that could take place in residence halls. She noted that many peer institutions are currently operating such programs. She also emphasized that this initiative is only one facet among a number of opportunities for improving the quality of the undergraduate experience.

Vice President Harper then gave an overview of residential life at the University of Michigan. She noted that all 15 residence halls were built between 1915 and 1968 and have a current capacity of 9400. Virtually all first year students, and 40 percent of sophomore students, live in the residence halls, and that the halls were designed as residential facilities, not as living/learning communities. Thus their space configurations are not designed to support classroom and other academic resources associated with living/learning programs or other vibrant undergraduate educational experiences. She noted that residence halls are considered integral to the educational experience, but when they are designed in a vacuum and out of context, they can detract from the educational mission.

Contemporary residence halls, she noted, are designed to create smaller academic communities and build connections between in-class and out-of-class activities. The University's residence hall system currently offers three special academic support services: a special academic advising program; a hall library system; and a residentially-based technology program.

Residence hall capacity has remained constant, she noted, while total undergraduate enrollment has increased by about 5,000 students and the number of freshmen students has

increased by 1,050 since construction of the last residence hall in 1968. With no increase in capacity, the end result is that fewer spaces are available for upperclass and graduate students and the residence hall population consists of more freshmen and fewer older students. An additional facility would allow the University to take advantage of the fact that students benefit from a residential environment that includes older and more experienced students

Vice President Harper observed that the quality of residential life is important to prospective students. Thus, peer institutions that have recent residential life initiatives are seen as attractive alternatives to the University of Michigan. The University's approach will be a comprehensive, macro approach to enhance the undergraduate educational experience that will address the intellectual, physical, and social aspects of student life. Elements will include state-of-the-art information technology and dining programs adapted to student tastes and lifestyles. The latter can also be used to enhance the sense of community and encourage quality interactions among students.

Vice President Harper reported that although residence halls are safe, the University is working with state agencies and internally to plan for major renovations and improvements to residence hall life safety systems.

Vice President Harper stated that issues regarding room size, amount of space per person, and privacy concerns are frequently raised by students in residence halls. Design of the new residence hall and renovation of old halls will be deliberate and will be responsive to students' concerns. The residence hall initiative, she concluded, which will include both facility renewal and new construction, will strengthen academic connections, respond to enrollment and first year class increases, help the University maintain a competitive edge, and will address contemporary

student experiences. At the same time, it will allow on-campus occupancy rates to maintain stable during the renovation of other buildings.

Vice President Harper noted that the initiative would involve extensive consultation with students, faculty, and staff, and that it would also incorporate recommendations of the Commission on Undergraduate Education and Information Revolution Commission as appropriate. The residential life initiatives would also be incorporated into the Campus Master Plan and would be considered for potential inclusion in the upcoming capital campaign. She introduced William Zeller, director of student housing, and his staff.

Regent Horning moved approval of the general direction of the residence hall planning and construction initiative as described in the Regents Communication. Regent Taylor seconded the motion. Regent Newman thanked Vice President Harper for moving forward so quickly with this initiative. Regent Deitch commented that compelling points had been made in support of this program. He requested that the University look seriously at private partnerships, as housing appears to be an effective avenue for exploration of these relationships.

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

License Agreement between the University of Michigan and Xeotron Corporation

On a motion by Regent Horning, seconded by Regent White, the Regents unanimously approved a license agreement between the University of Michigan and Xeotron Corporation to practice and commercialize inventions developed and owned by the University of Michigan and the University of Houston. Because one of the inventors, Erdogan Gulari, is a current University of Michigan faculty member who owns an equity interest in Xeotron and another inventor, Xiaochuan Zhou, is a former University of Michigan research scientist and currently president of

Xeotron, 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 Xeotron Corporation, a company in which Erdogan Gulari holds an equity interest.
2. Contract terms include:

Grant: Exclusive right to practice and commercialize the technology, subject to certain rights reserved by the University to practice it for research and educational purposes, with right to grant sub-licenses.

Equity: The University of Michigan and the University of Houston will split (50:50) a 4-6% equity share in Xeotron.

License fee: A license issue fee of \$55,000 - \$80,000 will be applied to reimburse patent expenses incurred by the two universities.

Royalties: The universities will evenly divide royalties of 1% of net sales of products by Xeotron and 5-15% of sublicense revenues received by Xeotron. (Initially the universities will receive 15%; this percentage will drop to 5% over time.)

Performance: Specified milestones will be met in order to maintain the rights granted by the license.

Patent Costs: All remaining current and future U.S. and foreign patent costs will be paid by the licensee.

Terms: Term of the agreement is for the life of the patents.

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

3. Erdogan Gulari's pecuniary interest arises from his ownership interest in Xeotron. He has waived any personal participation in the sharing of royalties received by the University from the company.

License Agreement between the University of Michigan and Ardesta LLC

On a motion by Regent Horning, seconded by Regent White, the Regents unanimously approved a license agreement between the University of Michigan and Ardesta LLC, under which a subsidiary of Ardesta, nu-En, Inc. ("nu-En"), will practice and commercialize inventions developed and owned by the University of Michigan. Because Clark Nguyen is both a Michigan

faculty member and also holds an equity interest in Ardesta, 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 Ardesta, a parent company to nu-En, and the company in which Clark Nguyen will hold an equity interest.

2. Contract terms include:

Grant: Exclusive right to practice and commercialize the technology, subject to certain rights reserved by the University to practice it for research and educational purposes, with right to grant sub-licenses.

Equity: The University will receive a 3.5% equity share of nu-En.

License fee: A license issue fee of \$60,000 - \$100,000 (historic patent costs less applied option fees) will be applied to reimburse patent expenses and/or applied against royalties.

Royalties: Royalties to the University of 13% of total non-product revenues received by nu-En, and 1.1% of net sales of products by nu-En.

Performance: Specified milestones will be met in order to maintain the rights granted by the license.

Patent costs: All remaining current and future U.S. and foreign patent costs will be paid by the licenses.

Terms: Term of the agreement is for the life of the patents.

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

3. Clark Nguyen's pecuniary interest arises from his ownership interest in nu-En. He has waived any personal participation in the sharing of royalties received by the University from the company.

Materials Transfer Agreement between the University of Michigan, Tularik Inc., and Vojo Deretic

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved an agreement between the University of Michigan, Tularik Inc., and Vojo Deretic for Tularik Inc. to provide materials for studies to be conducted by Professor Deretic. Tularik has made it a requirement for execution of the agreement that Dr. Deretic sign the agreement in his individual capacity as a separately liable third party and thereby assume personal liability for the

obligations stated therein. Signature of the agreement by both the University and Dr. Deretic falls under the State of Michigan Conflict of Interest Statute because it would constitute a three-party Agreement in which the University would be contracting with its own employee. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan, Tularik Inc., and Vojo Deretic.
2. Terms of the proposed agreement are acceptable and conform to University policy with the exception of Tularik's requirement that Dr. Deretic stand as a third party signatory to the agreement. Dr. Deretic has stated that he is aware of the obligations set forth in the agreement and is willing to assume personal liability for upholding the terms and conditions of the agreement.
3. Vojo Deretic has no pecuniary interest in Tularik Inc.

Research Agreement between the University of Michigan and Curis Inc.

On a motion by Regent Maynard, seconded by Regent Horning, the Regents unanimously approved a research agreement between the University of Michigan and Curis Inc. to utilize materials under development in the laboratory of David Mooney, an associate professor in the Dental School. Because Dr. Mooney serves on the Scientific Advisory Board for Curis Inc. ("Company") and also has stock options in the Company, 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 Curis Inc.
2. The terms of the proposed agreement are acceptable and conform to University policy and to the special legislative provision of the NIST ATP program regarding ownership of intellectual property. The amount of the subcontract to the University is \$984,571. The period of performance is three (3) years.
3. Dr. Mooney's pecuniary interest arises from his stock options in Curis and his service on its scientific advisory board.

Research Agreement between the University of Michigan and Molecular Therapeutics, Inc.

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved a research agreement between the University of Michigan and Molecular Therapeutics, Inc. Because the owners of Molecular Therapeutics, Inc., Drs. Brian Ross and Alnawaz Rehemtulla, are also University of Michigan faculty members, 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 Molecular Therapeutics, Inc.
2. Under the project a total subcontract of approximately \$871,000 is anticipated to cover the period September 30, 2000 through September 29, 2003. The University's standard subcontract provisions will apply.
3. Dr. Ross's and Dr. Rehemtulla's pecuniary interests arise from their ownership of Molecular Therapeutics, Inc.

Proposed License Agreement between the University of Michigan and Learner-Centered Technologies, LLC

On a motion by Regent White, seconded by Regent Horning, the Regents unanimously approved a license agreement with Learner-Centered Technologies, LLC, a company created by four University of Michigan professors to commercialize educational software applications and curricula developed at the University. Because Professors Elliot Soloway, Ronald Marx, Joseph Krajcik, and Phyllis Blumenfeld are both owners of the company and University employees who will be parties to the agreement, 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 will be the University of Michigan and Learner-Centered Technologies, a company owned by Professors Soloway, Marx, Krajcik, and Blumenfeld.

2. Contract Terms include:

Exclusive right to further develop and commercialize the software and curricula.

10% equity on the same terms as the founders, contingent upon \$1 million cash investment or sale of company.

License fees are royalties of 8% of net fees and 12% on gross sublicensing revenue; maintenance fees are \$5,000 in 2003, \$7,500 in 2004, and \$10,000 in 2005 and thereafter.

Milestones include developing a detailed business plan 4 months from date of the Agreement, closing a contracts for \$250,000 in revenue 7 months, commencing full operations within 9 months, closing deals covering at least 4 different products from the materials licensed by 12 months, and all of the materials by 24 months.

The University retains ownership of the programs and other materials and may continue to further develop it and use them as research tools.

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

3. The pecuniary interest of Professors Soloway, Marx, Krajcik, and Blumenfeld arises from their ownership in the company.

The meeting then continued with consideration of the Consent Agenda.

Consent Agenda

Minutes. Vice President Tedesco submitted the Minutes of the meeting of December 14, 2000.

Reports. Executive Vice President Kasdin submitted Reports on Investment and Plant Extension for January and February 2001; the report on Human Resources and Affirmative Action; and the Regents Report on Non-Competitive Purchases over \$5,000 from Single Sources, September 16, 2000 through December 13, 2000.

Vice President Krislov submitted the Litigation Report.

Vice President Ulaby submitted the Report of Projects Established for November and December, 2000.

University of Michigan Health System. Executive Vice President Omenn reported that *Child Magazine* had recently named Mott Children's Hospital as one of the top ten in the country. He also called attention to developments that have been occurring in the Life Sciences

Corridor project and noted that the Brighton and Plymouth-Canton health centers had been launched successfully. He reported that the Hospital and Health Centers are on budget and that employee and patient safety programs are being emphasized. Finally, Dr. Omenn noted that a new health program, “Activecare,” had been launched with General Motors that is similar to an existing plan with Ford Motor Company.

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

UM-Dearborn. Chancellor Little noted that two Dearborn faculty members had recently passed away: Martin Slobin, adjunct lecturer in political science, and Jacqueline Lawson, associate professor of English language and literature and chair of SACUA. He also called attention to several items of interest on the Dearborn Campus: Initiation of a classification study and of a planning process to identify the central issues facing the campus; the impending completion of the College of Arts, Sciences, and Letters Building and of the Environmental Interpretive Center; and the achievements of several faculty members and students.

Regarding the death of Professor Lawson, Regent McGowan commented that Jackie Lawson had been “an enormously effective representative of SACUA, conveying their needs with astonishing clarity,” and added that she was “an incredibly wonderful person.”

UM-Flint. There was no further report from the Flint Campus.

Michigan Student Assembly. MSA president Hideki Tsutsumi reviewed MSA’s accomplishments so far this year. These include successfully lobbying the administration to improve campus recreational facilities, for which he particularly thanked Provost Cantor and Associate Provost Paul Courant; establishing an on-line listing of textbook information for a number of classes; improving the quality of weekend bus service to North Campus; leading lobbying efforts with the Association of Michigan Schools toward a goal of achieving a tax

exemption for textbook purchases; efforts by the MSA Voice Your Vote Commission which resulted in the voter registration of more than 5,000 students; a ten-day event sponsored by the MSA Peace and Justice Commission to educate students about affirmative action that brought nationally-known speakers to campus. Mr. Tsutsumi emphasized that these examples illustrate the efforts that MSA is making to better serve University of Michigan students.

Next he introduced Mr. Jim Secreto, MSA vice president, and Mr. Rob Goodspeed, co-chair of the Student Rights Commission. Mr. Secreto talked about the new revisions to the Code of Student Conduct (which has been renamed the Statement of Student Rights and Responsibilities), expressing disappointment that only 8 of the 36 amendments that had been proposed by MSA had been accepted, and 4 of the 8 changes were semantic in nature.

Mr. Goodspeed reviewed the code amendment process, and commented that acceptance of only a fraction of the student-proposed amendments could leave the impression that students did not have as much input as they should have. He expressed the hope for better communication between MSA and the administration in dealing with matters involving the code.

Public Comments

The Regents heard comments from the following individuals on the topics indicated: Audrey L. Jackson, alumna, on evaluation of UM Regents by Michigan citizens; Gary S. Hann, alumnus, on continued harassment and violation of his First Amendment rights; Masakazu Sueda, on Daisaku Ikeda, mentor in life. The following people addressed the Board on planning between the Ann Arbor Transportation Authority and the University of Michigan involving campus bus service and the general issue of labor outsourcing: Michael A. Dover, student and member of the University Committee for Fair Public Employment Practices; Jeremy Molenda, student; Marisa Arnold, staff; Kevin Reynard, staff; Scott Burkhart, staff; Ari Paul, student and

member of Students Organizing Labor and Economic Equality; Kwajalynn Burks, student and member of Black Students' Union at UM-Dearborn; Jackie Bray, student and member of Students Organizing Labor and Economic Equality; Michael Edwards, president of AFSCME Local 1583; Sharlene Myers-Krupnak, staff representative, AFSME Council 25; and Cheryl McCreary, staff specialist, AFSME Council 25.

Following Public Comments, the meeting recessed at 5:00 p.m.

Friday, February 16, 2001

The Regents met at 9:35 a.m. Present were President Bollinger and Regents Brandon, Deitch, Horning, Maynard, McGowan, Newman, Taylor, and White. Also present were Vice President Feagin, Vice President Harper, Executive Vice President Kasdin, Chancellor Little, Chancellor Mestas, Vice President Rudgers, Vice President and Secretary Tedesco, and Vice President Wilbanks. Executive Vice President Omenn arrived at about 9:50 a.m. Provost Cantor, Vice President and General Counsel Krislov, and Vice President Ulaby were absent.

Call to Order

President Bollinger called the meeting to order and called for continuation of the Consent Agenda.

Voluntary Support. Vice President Feagin submitted Reports of Voluntary Support for December 31, 2000 and January 31, 2001.

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

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

Memorials. Vice President Tedesco reported the deaths of three active faculty members, Calvin H. Elliker, Jacqueline E. Lawson, and Lee A. Lillard.

Regarding Professor Lawson, President Bollinger observed that Jackie Lawson had “an unflagging good spirit about her,” always had a most positive attitude, and “seemed as supportive of the University as any person as I have known.”

Professor Bollinger also noted the deaths of Robert Kalmbach, recently retired University photographer; Kenneth Pike, professor emeritus of linguistics; Neil Staebler, former visiting professor of practical politics, recipient of an honorary Doctor of Laws degree, and father-in-law of Regent McGowan; and Leonard Woodcock, adjunct professor emeritus of political science department and China Studies Center.

Degrees. Final degree lists for the December 2000 commencement and changes to previously approved degree lists were submitted for approval.

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

Amendment of Existing Lease between the University of Michigan M-Care and First Properties Associates

Executive Vice President Kasdin informed the Regents about amendment of an existing lease for property located at 2301 Commonwealth in Ann Arbor, as described in the Regents Communication.

Alternative Asset Commitments

Executive Vice President Kasdin informed the Regents that pursuant to Regents' policies, follow-on investments of \$30.0 million from the Long Term Portfolio have been made in World-view Technology Partners IV, L.P. and Madison Dearborn Capital Partners IV, L.P.

Alternative Asset Commitment

Executive Vice President informed the Regents that a follow-on investment of \$20.0 million from the Long Term Portfolio has been made in Avanti Strategic Land Investors IV, L.P.

International Equity Management

On a motion by Regent Brandon, seconded by Regent White, the Regents unanimously approved appointment of Capital Guardian Trust as an investment manager for international equities. Executive Vice President Kasdin noted that the amount of the investment would be \$250 million in non-U.S. market-traded stocks.

Sale of Tax Exempt Commercial Paper to Finance University's Projects

On a motion by Regent McGowan, seconded by Regent Maynard, the Regents unanimously authorized an increase of up to \$4.7 million in the amount outstanding under the commercial paper supported by a pledge of General Revenues, to finance part of the University's share of the Forest Avenue Parking Structure.

Charitable Gift Annuities

On a motion by Regent Maynard, seconded by Regent Taylor, the Regents unanimously approved appointment of Mellon Private Asset Management (MPAM) as fixed income investment manager of the University's Gift Annuity Program.

G. G. Brown Building Boiler Replacement

On a motion by Regent Brandon, seconded by Regent Horning, the Regents unanimously approved the G. G. Brown Building Boiler Replacement Project as described in the Regents Communication, and authorized issuing the project for bids and awarding a construction contract provided that bids are within the approved budget.

Walgreen Drama Center

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved appointment of SmithGroup, Inc. as the architect of record, and Michael Wilford Architects, Limited to lead the design of the building for the Walgreen Drama Center project.

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

Executive Vice President Kasdin reviewed the history of this project, for which bids have come in higher than the estimates. Regent Maynard moved approval of the revised budget of \$12,600,000 for the IST High Bay Building Addition and award of a construction contract to DeMaria Building Co., Inc. He noted that his staff has concluded that the bid discrepancy problem is related to the estimates provided by the outside estimator and communication between the estimator and the architect. Regent Taylor seconded the motion, and it was approved unanimously.

Women's Gymnastics Facility

Executive Vice President Kasdin introduced David W. Osler, who gave an overview of the schematic design of the Women's Gymnastics facility. He noted that the facility is a pre-engineered building to which alterations are being made to soften it and reflect its use. The

presentation included descriptions of interior and exterior aspects of the building. It was pointed out that funding for this building has been provided by a pledged, anonymous donation.

Regent Horning moved approval of the schematic design for the Women's Gymnastic Facility. Regent McGowan seconded the motion, and it was approved unanimously.

Martha Cook Residence Hall Fire Alarm System

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved replacement of the Martha Cook Residence Hall Fire Alarm System, as described in the Regents Communication, and authorized issuing the project for bids and awarding a construction contract, providing that bids are within the approved budget.

Pierpont Commons Renovation Project

On a motion by Regent White, seconded by Regent Horning, the Regents unanimously approved the design of the new entry for the Pierpont Commons Renovation Project, as described in the Regents Communication.

Amendment of a Purchasing Contract with Vaassen Sheep Farm

On a motion by Regent Horning, seconded by Regent Deitch, the Regents unanimously approved amendment of a purchasing contract with Vaassen Sheep Farm. Because the co-owner of Vaassen Sheep Farm, Sharon Vaassen, is also a University of Michigan employee, this purchase falls under the State of Michigan Conflict of Interest Contract. The following information is provided in compliance with statutory requirements:

1. Parties to the contract are the Regents of the University of Michigan and its UMHS Orthopaedic Research Laboratories, and Vaassen Sheep Farm.
2. The service to be provided is the boarding of sheep for the purposes of research study, with the original dollar amount of \$5,000.00 to be increased to a total amount of \$9,200.00.

3. The pecuniary interest arises from the fact that Sharon Vaassen, a University of Michigan employee, is the co-owner of Vaassen Sheep Farm.

Purchasing Contract with Valley View Farm

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved a purchasing contract with Valley View Farm. Because the owner of Valley View Farm, Douglas Doop, is also a University of Michigan employee, 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 contract are the Regents of the University of Michigan and its Greenfield Vascular Research Lab, and Valley View Farm.
2. The service to be provided is the boarding and selling of sheep for the purposes of medical research, with the service to be provided for the period beginning November 1, 2000 and ending October 31, 2003, for a total dollar amount of \$7,500.00.
3. The pecuniary interest arises from the fact that Douglas Doop, a University of Michigan employee, is the sole owner of Valley View Farm.

Purchasing Contract with Elaine S. Wilson, Artist

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved a purchasing contract with Elaine S. Wilson for purchase of a piece of artwork. Because Ms. Wilson is also a University of Michigan employee, 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 contract are the Regents of the University of Michigan and its Office of the President, and Elaine S. Wilson
2. The service to be provided is artwork at a cost of \$9,000.00.
3. The pecuniary interest arises from the fact that Elaine S. Wilson, a University of Michigan employee, is the creator and owner of the artwork.

Establishment of Departments within the Medical School

Executive Vice President Omenn noted that three sections within the Department of Surgery had matured into independent disciplines at Michigan and around the country, so they are now seeking independent departmental status.

Establishment of Department of Neurosurgery

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved establishment of the Department of Neurosurgery.

Establishment of Department of Orthopaedic Surgery

On a motion by Regent Brandon, seconded by Regent Deitch, the Regents unanimously approved establishment of the Department of Orthopaedic Surgery.

Establishment of Department of Urology

On a motion by Regent Horning, seconded by Regent White, the Regents unanimously approved establishment of the Department of Urology.

Establishment of a “Master of Science in Environmental Science” Degree Program at the University of Michigan-Dearborn

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved establishment of a “Master of Science in Environmental Science degree program to be offered by the Department of Natural Sciences, College of Arts, Sciences, and Letters at the University of Michigan-Dearborn.

Code of Conduct for University of Michigan Licensees

An item for information was submitted to the Regents by President Bollinger describing the recently issued new Code of Conduct for University of Michigan Licensees. The Code of

Conduct is based on the recommendations of the Standing Committee on Labor Standards and Human Rights that had been established in September 2000.

Code of Conduct for University of Michigan Licensees

Forced Labor. Licensees shall not use (or purchase materials that are produced using) any form of forced labor, whether in the form of prison labor, indentured labor, bonded labor, or otherwise.

Child Labor. Licensees shall not employ any person at an age younger than 15 (or 14, where, consistent with International Labor Organization practices for developing countries, the law of the country of manufacture allows such exception.) Where the age for completing compulsory education is higher than the standard for the minimum age of employment stated above, the higher age for completing compulsory education shall apply to this section. Licensees agree to consult with governmental, human rights, and non-governmental organizations, and to take reasonable steps to minimize the negative impact on children released from employment as a result of implementation or enforcement of the Code.

Harassment or Abuse. Every employee shall be treated with dignity and respect. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse. Licensees will not use or tolerate any form of corporal punishment.

Nondiscrimination. No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, marital status, reproductive or familial situation, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Health and Safety. Licensees shall provide a safe and healthy working environment to prevent accidents and injury to health, including reproductive health, arising out of, linked with, or occurring in the course of work or as a result of the operation of Licensee facilities.

Women's Rights. Women's rights are included in the previous sections of this Code of Conduct. Without restricting the generality of the foregoing and for purposes of greater clarity and specificity, licensees shall abide by the following conditions:

- Female workers shall have the same work opportunities as men, without arbitrary restriction on the types of jobs or special limits on hours of work;
- Licensees shall not use criteria related to marital or reproductive status (for example, pregnancy tests, the use of contraception, fertility status) as conditions of employment;
- New mothers shall be entitled to leaves of absence (with the right to return to work) for childbirth and recovery from childbirth.

Freedom of Association and Collective Bargaining. Licensees shall recognize and respect the right of employees to freedom of association and collective bargaining. No employee shall be subject to harassment, intimidation or retaliation for her/his efforts to freely associate or bargain collectively. Licensees shall allow union organizers access to employees. Licensees shall recognize the union of the employee's choice.

Hours of Work and Overtime. Licensees shall comply with applicable laws and industry standards on working hours. In any event, personnel shall not, on a regular basis, be required to work in excess of 48 hours per week and shall be provided with at least one day off in every seven-day period. Mandatory overtime shall be limited to extraordinary and short-term business circumstances and the policy concerning mandatory overtime shall be explained to employees before they are hired. Regular working hours plus mandatory overtime shall not exceed 60 hours per week. All overtime shall be remunerated at an appropriate premium rate.

Compensation. Licensees recognize that wages are the principal means of meeting the basic needs of employees and their families, and therefore commit themselves to a wage goal that enables employees to

satisfy these needs. Licensees shall ensure that wages and benefits for a standard working week meet at least legal minimum standards and industry averages, whichever is greater, and that net compensation is at least sufficient to meet the worker's basic needs. Compensation standards will be adjusted periodically based on experience and increased knowledge concerning local labor markets and living conditions.

In addition, I am adopting on behalf of the University, the committee's recommendations regarding alternative methods for compliance for a two-year trial period. The Committee has recommended that companies be deemed in compliance if they follow three other codes, with some additional conditions for those licensees complying with the codes promulgated by the Collegiate Licensing Company (CLC) and the Fair Labor Association (FLA).

At the end of the two-year trial period (or before that, if significant problems are identified), the effects of these compliance guidelines related to other codes will be assessed and recommendations will be made on future arrangements.

There being no further business, the meeting was adjourned at 10:30 a.m. The next meeting is scheduled for March 15, 2001.