

DECEMBER MEETING, 2004

*The University of Michigan
Ann Arbor
Thursday, December 16, 2004*

Panel Discussion: “New Technology, Libraries, and Scholarship”

The formal meeting was preceded by a panel discussion on the topic of new technology, libraries, and scholarship. The event took place at the Video and Performance Center in the Duderstadt Center on North Campus, from 2:00-3:00 p.m. Panelists were Professors Margaret Hedstrom, Paul Courant, Daniel Atkins, and James Hilton, and John Wilkin, associate University librarian.

Regents’ Meeting

The Regents convened at 3:25 p.m. in the Lurie Engineering Center on North Campus. Present were President Coleman and Regents Brandon, Maynard, McGowan, Newman, Richner, Taylor, and White. Also present were Provost Courant, Vice President Harper, Executive Vice President Kelch, Vice President Krislov, Chancellor Little, Vice President May, Chancellor Mestas, Vice President Rudgers, Executive Vice President Slottow, Vice President and Secretary Tedesco, Vice President Ulaby, and Vice President Wilbanks. Regent Deitch was absent.

Call to Order and Opening Remarks

President Coleman called the meeting to order at 2:40 p.m. She announced that University of Michigan students had received two of the world’s most prestigious academic awards. Joseph Jewell, a graduate student in aerospace engineering, was named a Rhodes Scholar, and Jacob Bourjaily, an undergraduate student majoring in physics and mathematics, has received a

Marshall Scholarship. She expressed the University's enormous pride in these most distinguished achievements.

Regent McGowan commented that at a future date, the Regents would invite Mr. Jewell and Mr. Bourjaily to be recognized at a Regents' Meeting. She observed that these are very significant awards, noting that the University's last Rhode's scholarship recipient, Fiona Rose, went on to earn a Ph.D. in classical studies from Oxford University and is now a faculty member there. The Regents look forward to having the two latest honorees join them to celebrate this fantastic achievement.

President Coleman reported that she had recently participated in an event in Washington at which the National Innovation Initiative Report was presented to the president and federal government officials. The purpose of this study, commissioned by the Council on Competitiveness, was to determine what the country needs to do to stay competitive in the global economy. The same day, the report of the statewide Cherry Commission which had been appointed by the governor to look at issues of economic development, was submitted as well. She commented that she had been a member of both of these groups, and that both had come to many of the same conclusions. Education, investment in science and technology, and support of entrepreneurship emerged as principal themes of both reports.

Committee Reports

Finance, Audit, and Investment Committee. Regent Brandon reported that the committee had met that morning, with Regents Taylor and White in attendance. The committee was briefed by Provost Courant, Associate Provost Philip Hanlon, and Executive Vice President Robert Kelch about the business model for development of the General Fund budget, including revenue allocations, transfer costs, treatment of gifts, and other issues. Next, the committee met

with Associate Vice President Peggy Norgren and Controller Cheryl Soper, and Ed Jennings, corporate tax manager, on issues regarding tax exposure and risk, and compliance issues pertaining to tax matters. The committee also had a brief update on the Sarbanes-Oxley work plan, and met with Carol Senneff, executive director of University audits, regarding results of the October and November audits. The committee also met privately with Ms. Senneff and was assured that the University auditors been receiving a high level of cooperation with management.

Compensation and Personnel Committee. Regent Maynard reported that the committee had met that morning, with Regents Deitch and Richner in attendance. The three topics covered included a discussion with President Coleman about the executive officer evaluation process, a discussion with Provost Courant about the process of evaluation of deans, and a review of the annual salary report, which will be released to the media on Monday, December 20.

Parking and Transportation Update

Executive Vice President Slottow noted that a parking and transportation strategic plan had been presented to the Board in September 2004, and an update will be presented annually. He introduced Mr. Dave Miller, director of parking and transportation.

Mr. Miller commented that the department's philosophy is to provide mobility options and transportation choices, and not just to add parking spaces as the University grows. He said that challenges include responding to growth in employment of faculty and staff, as well as providing off-site parking for contractors, meeting the transportation needs of students, enhancing the University's relationship with the Ann Arbor Transportation Authority (AATA), promoting alternative transportation options, delivering new parking facilities, and maintaining existing parking facilities.

Mr. Miller noted that all structures are now controlled by “Automatic Vehicle Identification” (AVI) devices, which not only help limit unauthorized access to parking structures, but allow for perpetual permits for employees, saving more than \$40,000 annually in the cost of renewals. There is also a new handicap parking decal program.

Mr. Miller observed that the UM buses now transport 4.7 million passengers per year, up 7% from last year, and that additional service hours and routes were added this fall in response to the increased population of students on North Campus. He described the new “MRide” program, which provides free AATA rides for UM faculty, staff, and students, noting that this program had no impact on the department’s budget due to the use of federal transit funds. The program has resulted in a 12% increase in AATA ridership, with the University now accounting for 40% of AATA ridership. Compared with the joint UM and AATA programs that were in place in 2003, MRide has resulted in a ridership increase of 92%. It was noted that much of the success of the program among the student population can be attributed to a very successful marketing campaign explaining how students can receive free transportation around the entire campus region through MRide.

Mr. Miller noted that the University also provides a van pool service that is free to users, and said that usage has tripled over the past 3 years. Regarding parking structures, he pointed out that a 450-space structure for patients and staff is being constructed at the site of the Cardiovascular Center, and that the remaining half of the 1,000-space Palmer Drive structure had been opened on Central Campus. The Ann Street parking structure, which will have 536 spaces, is expected to open in the spring of 2006. He commented that a future parking deck is planned for Division Street, parallel to the Thompson Street structure. Since 1998, a net total of 1,300 faculty and staff (“blue”) parking spaces have been added on central campus, along with 1,300

remote spaces. Another net total of 1,000 “blue” spaces will be added on the central and medical campuses by 2007.

Mr. Miller reviewed the plan for parking rate increases previously provided to the Board at the February 2004 meeting. Over the next three years, “gold” permits will experience the highest increase, to make them comparable to rates charged by the City of Ann Arbor for downtown parking. He commented that all of the steps the department has taken resulted in its being the first Midwest university to be recognized by the U.S. Environmental Protection Agency as one of “Best Workplace for Commuters.” He reviewed possible locations for new parking decks and transportation plans for 2008 and beyond.

Consent Agenda

Minutes. Vice President Tedesco submitted for approval the minutes of the meeting of November 18, 2004.

Reports. Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report and the Human Resources and Affirmative Action Report.

Litigation Report. Vice President Krislov submitted the Litigation Report.

Research Report. Vice President Ulaby submitted the report of projects established, November 30, 2004.

University of Michigan Health System. Executive Vice President Kelch called attention to the retirement memoir for Dr. Lazar Greenfield, who had served as interim executive vice president for medical affairs.

Division of Student Affairs. Vice President Harper acknowledged the exceptional leadership being provided by the leaders of Michigan Student Assembly and the Residence Halls Association.

University of Michigan-Dearborn. Chancellor Little called attention to the Urban Environmental Outreach Program, which brings scientific and environmental education to underserved elementary school students, and the completion of the thermal spray laboratory, which spray-forms metal parts from CAD drawings and has received significant external funding.

University of Michigan-Flint. Chancellor Mestas commented that Regent Maynard would be attending the campus's winter commencement, and that for the first time, the commencement speaker would be a recently retired staff member, Lydia Henry. Her selection as speaker is meant to send a message of appreciation to all staff members on the Flint campus.

Michigan Student Assembly Report. Jason Mironov, president of MSA, noted that vice president Jenny Nathan had resigned, and introduced Anita Leung, who has assumed this role. He reported on MSA activities, noting that communication has been established with the provost regarding the budget process. He showed a video illustrating MSA's accomplishments during the semester, and reported on programs planned through the remainder of the school year.

Voluntary Support. Vice President May submitted the Report of Voluntary Support for November 2004. He noted that gift receipts continue to be strong.

Personnel Actions/Personnel Reports. Provost Courant submitted a number of personnel actions and personnel reports.

Retirement Memoirs. Vice President Tedesco submitted nine faculty retirement memoirs, and called attention to the retirements of former interim executive vice president for medical affairs Lazar Greenfield and interim secretary of the University Professor Ejner Jensen. Provost Courant highlighted the retirements of George Carignan of the College of Engineering and Robert Gray of the School of Public Health.

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

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

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

The Regents then turned to consideration of the regular agenda.

Fiscal Year 2006 Capital Outlay Submission, All Campuses

Executive Vice President Slottow noted that the annual Capital Outlay Request and Five Year Master Plan had been submitted to the state in November 2004. The Ann Arbor request included three projects: a new biology building, Ruthven Museum renovations, and Hatcher Graduate Library renovations. The Dearborn campus had submitted one project, construction of a new facility to house its Child Development Center, and the Flint campus did not request any capital outlay funding this cycle.

Sale of Gifted Real Estate

Executive Vice President Slottow informed the Regents of the sale of an unimproved lot in Rochester Hills, Michigan, for \$100,000, above the appraised value of \$80,000.

Alternative Asset Commitments

Executive Vice President Slottow informed the Regents that follow-on investments had been made in the following previously-approved venture capital partnerships: Oak Investment Partners XI, L.P. (\$20.0 million); Chengwei Ventures Evergreen Fund, L.P. (\$14.0 million); Battery Ventures VII, L.P. (\$10.0 million); and Accel IX, L.P. (\$5.0 million).

Alternative Asset Commitment

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved commitment of €20.0 million from the Long Term Portfolio to NIAM Nordic Investment Fund III, L.P., a European real estate fund.

Alternative Asset Commitment

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved commitment of \$20 million from the Long Term Portfolio to Cypress Realty V L.P., a domestic real estate fund.

Absolute Return Investment

On a motion by Regent White, seconded by Regent Brandon, the Regents unanimously approved Ashmore Local Currency Debt Portfolio with initial funding of up to \$60 million.

W.K. Kellogg Institute and Dental Building Fire Alarm System Upgrade and Fire Suppression System Installation

On a motion by Regent Brandon, seconded by Regent White, the Regents unanimously approved the W.K. Kellogg Institute and Dental Building Fire Alarm System Upgrade and Fire Suppression System Installation Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Intramural Sports Building Fire Suppression System Installation

On a motion by Regent Brandon, seconded by Regent McGowan, the Regents unanimously approved the Intramural Sports Building Fire Suppression System Installation Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Couzens Hall Fire Alarm System Upgrade

Executive Vice President Slottow noted that this project is one of a series of investments in the residence halls that is part of the \$49 million residence halls life safety improvement effort approved several years ago. He reported that 14 projects in 12 residence halls have now been completed, and 18 additional projects are planned over the next several years. This effort has now been integrated with the overall Residential Life Initiative.

Regent White moved approval of the Couzens Hall Fire Alarm System Upgrade Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget. Regent Maynard seconded the motion, and it was approved unanimously.

202 South Thayer Building Project

Executive Vice President Slottow reported that this project is related to the Residential Life Initiative (RLI). The proposed building at 202 South Thayer Street will accommodate the permanent relocation of occupants in the Department of Asian Languages and Culture, the Frankel Center for Judaic Studies, and the Department of Near-Eastern Studies, all of whom are currently located in the Frieze Building and will be displaced by construction of the new residence hall and academic space on that site to be known as “north quad.”

Provost Courant commented that this building site is across from the Modern Languages Building and is expected to become the center for modern languages, some international studies, the humanities and arts. In addition to the departments listed above, the new building will house the Humanities Institute and will hold specialized libraries and collections and classrooms associated with the departments that will be located there. It was noted that the building will be six stories tall.

Regent McGowan moved approval of the 202 South Thayer Building project as described, authorized commissioning Diamond Schmitt Architects for its design, and authorized issuing early procurement packages for bids and awarding construction contracts providing that bids are within the approved budget. Regent Brandon seconded the motion, and it was approved unanimously.

University of Michigan Hospitals and Health Centers (UMHHC) East Ann Arbor Computed Tomography and Magnetic Resonance Imaging Expansion Project

Mr. Scott Hayward, from Albert Kahn Associates, gave a presentation describing the proposed schematic design for this project. Mr. Hayward displayed a site plan for the East Ann Arbor properties, then described the floor plan for this project, which is an addition to the existing building. He then described the exterior.

It was noted that Certificate of Need approval would be obtained before the initiation of construction. On a motion by Regent Newman, seconded by Regent McGowan, the Regents unanimously approved the schematic design for the University of Michigan Hospitals and Health Centers (UMHHC) East Ann Arbor Computed Tomography and Magnetic Resonance Imaging Expansion Project as presented at the meeting.

Conflict of Interest Items

President Coleman announced that the agenda includes 4 conflict of interest items, each of which requires 6 votes for approval. On a motion by Regent Maynard, seconded by Regent Taylor, the Regents unanimously approved each of the following items:

Purchasing Contract with Valley View Farm

The Regents approved a payment to Valley View Farm to provide board and maintenance for sheep for a project in the Department of Obstetrics and Gynecology, "Prenatal Programming

of Reproductive Health and Disease.” Because Douglas Doop, owner of Valley View Farm, 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 Department of Obstetrics and Gynecology and Valley View Farm.
2. The service to be provided is boarding and maintenance of sheep for the purpose of medical research, for a two-year period, and for a total amount of \$65,000.
3. The pecuniary interest arises from the fact that Douglas Doop, a University of Michigan employee, is owner of Valley View Farm.

License Agreement between the University of Michigan and Molecular Therapeutics

The Regents approved a license agreement with Molecular Therapeutics for a computer software program known as “Miami Fuse” (OTT File No. 1297). Because Drs. Brian Ross and Alnawaz Rehemtulla, owners of Molecular Therapeutics, 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. The parties to the contract are the Regents of the University of Michigan and Molecular Therapeutics.
2. The terms of the contract include an up-front license fee and a percentage of sublicense revenues. The University will retain ownership of the licensed software technology and may continue to further develop it and use it internally.

No use of University services or facilities nor any assignment of University employees is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties.

3. The pecuniary interest arises from the fact that Drs. Brian Ross and Alnawaz Rehemtulla, University of Michigan employees, own Molecular Therapeutics.

Subcontract Agreement between the University of Michigan and EMAG Technologies, Inc.

The Regents approved a subcontract agreement with EMAG Technologies, Inc., for research designed to produce new techniques for the detection and removal of Radio Frequency

Interface (RFI) in microwave radiometers. Because Dr. Kamal Sarabandi, co-founder and co-owner of EMAG Technologies, Inc., 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. The parties to the contract are the Regents of the University of Michigan and EMAG Technologies, Inc.
2. The terms of the agreement conform to University policy. The project is for six months and the funding support is \$23,363. Since research agreements are often amended, the subcontract includes provisions for changes in time, amount, and scope. University of Michigan procedures for approval of these changes will be followed and additional review by the Conflict of Interest Committee will be done as appropriate.
3. The pecuniary interest arises from the fact that Dr. Kamal Sarabandi, a University of Michigan employee, is co-founder and co-owner of EMAG Technologies, Inc.

Subcontract Agreement between the University of Michigan and EMAG Technologies, Inc.

The Regents approved a subcontract agreement with EMAG Technologies, Inc., for research designed to produce a new type of calibration standard to aid in the characterization and calibration of correlating radiometers. Because Dr. Kamal Sarabandi, co-founder and co-owner of EMAG Technologies, Inc., 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. The parties to the contract are the Regents of the University of Michigan and EMAG Technologies, Inc.
2. The terms of the agreement conform to University policy. The project is for two years and the funding support is \$280,324. Since research agreements are often amended, the subcontract includes provisions for changes in time, amount, and scope. University of Michigan procedures for approval of these changes will be followed and additional review by the Conflict of Interest Committee will be done as appropriate.
3. The pecuniary interest arises from the fact that Dr. Kamal Sarabandi, a University of Michigan employee, is co-founder and co-owner of EMAG Technologies, Inc.

Henry Russel Lecturer for 2005

President Coleman informed the Regents that William Fulton, Miner S. And Mary Ann Keeler Professor in Mathematics and professor of mathematics in the College of Literature, Science, and the Arts, had been selected as the Henry Russel Lecturer for 2005.

Henry Russel Awards for 2005

President Coleman informed the Regents that the Russel Awards Faculty Advisory Committee had selected two faculty members to receive Henry Russel Awards for 2005: David T. Blaauw, associate professor of electrical engineering and computer science in the College of Engineering, and Anna Stefanopoulou, associate professor of mechanical engineering in the College of Engineering.

Regents Bylaws, Chapters II and XI

On a motion by Regent White, seconded by Regent McGowan, the Regents approved “housekeeping” revisions to Regents’ Bylaws Chapters II and XI. The revisions can be found in the Appendix on page XX.

Approval of Academic Calendar for 2005-2006, 2006-2007, and 2007-2008 for the University of Michigan-Flint Campus

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved academic calendars for 2005-2006, 2006-2007, and 2007-2008 for the University of Michigan-Flint campus.

Establishing a new Department of Communication and Visual Arts in the College of Arts and Sciences at the University of Michigan-Flint

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved establishment of a new Department of Communication and Visual Arts in the College

of Arts and Sciences at the University of Michigan-Flint. The program in art would be separated from the Department of Music and Art and moved into this new department.

Establishing a new Department of Music in the College of Arts and Sciences, the University of Michigan-Flint

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved renaming the Department of Music and Art the Department of Music, as described in the Regents Communication.

There was a five-minute break prior to starting the Public Comments session, which began at 4:35 p.m.

Public Comments

The Regents heard comments from Jim Mogensen, citizen, on the town-gown relationship and constitutional autonomy, and from David Boyle, alumnus, on stadiums, segregation, and Sodom. They also heard from the following individuals regarding plans for the Frieze Building: Jeremiah Mason, student; Louisa Pieper, alumna; Normal Tyler, citizen; Caroline Smith, citizen; Christine Crockett, citizen and president of the Old Fourth Ward Association; and Raymond Detter, citizen and chair of the Citizens Advisory Council for the Downtown Development Authority.

Regent White commented that given the history of the Frieze Building, the architects selected for the new project should be instructed to consider all options. Regent Newman agreed, while noting that it is also important to look at the cost of the various options.

There being no further business, the meeting was adjourned at 5:20 p.m. The next meeting is scheduled for January 26, 2005.