

MARCH MEETING, 1998

*The University of Michigan
Ann Arbor
Thursday, March 19, 1998*

The Regents convened at 1:50 p.m. in the Henry Ford Estate-Fairlane on the Dearborn campus. Present were President Bollinger and Regents Deitch, Horning, Maynard, McFee, McGowan, Newman, Power, and Taylor. Also present were Provost Cantor, Executive Vice President Kasdin, Executive Vice President Omenn, Vice President and Secretary Harrison, Vice President Neidhardt, Chancellor Nelms, Chancellor Renick, and Interim General Counsel Barry. Vice President Hartford and Vice President Kinnear were absent.

President Bollinger called the meeting to order and thanked Chancellor Renick for hosting the meeting on the Dearborn campus. He noted the deaths of Professor Emeritus Daniel Katz, one of the founders of the Institute for Social Research (ISR); Abramo Fimo "Ken" Organski, professor of political science and senior research scientist in the Center for Political Studies at the Institute for Social Research; Beverly Payne, research scientist emeritus at ISR; and President Emeritus Harlan Hatcher. He also called attention to the recommendation for adoption of a retirement memoir for former executive vice president and chief financial officer, Farris Womack.

Monthly Report on Investments

Executive Vice President Kasdin submitted the monthly investment report, noting a change on page 2. He said that consideration was being given to changing the information presented in this report, so that it would focus on the Long Term Portfolio, with separate reports periodically being given on the other invested funds.

1997 Report on Investments

Executive Vice President Kasdin suggested changing the timing of this annual report to the fall, which would allow it to be timed to June 30th fiscal year data, rather than December 31 of the previous year, thereby allowing for more meaningful comparisons to other institutions. He said that the next report would be so timed unless any objections were raised.

He introduced Associate Vice President and Treasurer Norman Herbert. Mr. Herbert stated that the Long Term Portfolio comprises 80 percent of the University's \$3.7 billion of invested capital. It is the investment portfolio for the University's endowment funds and other core capital and its purpose is to provide long-term returns that will support the endowment's objective of maintaining and enhancing the purchasing power of endowment distributions in perpetuity. He noted that the overall portfolio is well-diversified and the investments are managed externally.

Mr. Herbert reported that the strategy for the Long Term Portfolio has added significant value to the University's Investment Pool and to the Veritas reserves; for 1997 the total return on the Long Term Portfolio was 16.2 percent and for the past five-year period the total return was 13.8 percent. He commented that while the returns are unusually high from a historical perspective, they would have been even stronger if the portfolio had had greater exposure to the conventional U.S. stock and bond markets. The decision to invest in commodities and maintain an exposure to tactical asset allocation also hurt performance in 1997. However, he pointed out that the diversification strategy is designed to produce premium returns over time, even if in any given year buying the S&P index would have led to a superior performance.

Mr. Herbert announced that in the coming year, the plan is to take a fresh look at investment strategies and direction, focusing on the Long Term Portfolio allocation of assets and

perhaps shifting the emphasis from equity and fixed income investments to a marketable and non-marketable investment approach.

Mr. Herbert then introduced Mr. David Thurston and Ms. Mary Cove, the University's investment consultants from the firm of Cambridge Associates, Inc., to discuss the Long Term Portfolio's 1997 performance and planned initiatives for 1998. They distributed a booklet pertaining to their presentation.

Mr. Thurston and Ms. Cove reviewed the Long-Term Portfolio strategy as described in the handout. They pointed out that the University had underperformed the Cambridge Associates Endowment Median by 1.9 percent in 1997. Mr. Thurston explained that even though it had outperformed in 10 of the 12 asset classes over one, three, and five year periods, the fund had been diversifying out of common stock at a time when the S&P 500 had had extremely favorable returns. The other factor leading to the underperformance had to do with the Tactical Asset Allocation program, which had been instituted to reduce the risk of the portfolio and, in retrospect, clearly wasn't necessary in a rising market.

Ms. Cove reviewed the remainder of the highlights of 1997 and noted that for 1998, initiatives would include continuing commitments to high quality alternative asset funds, discontinuing the Tactical Asset Allocation Program, examining the role and appropriate allocation of fixed income in the Long Term Portfolio, reviewing the role of "inflation hedges," and exploring the adoption of a multi-asset policy portfolio.

Executive Vice President Kasdin pointed out that all of these points underscore the importance of asset allocation. In response to a question from Regent Power about the underlying assumptions behind the proposed policy initiatives, he said that there are no implicit assumptions because other than the suggestion to drop the Tactical Asset Allocation program, these

suggestions are meant to be viewed as topics meriting exploration, not as specific policy initiatives.

Regent Power also observed that the Regents need to know on the basis of what benchmark the University's performance should be fairly evaluated. Executive Vice President Kasdin agreed, noting that the board needs to be put in a position where it has clear recommendations from staff on each of those issues. He said that the purpose of the current discussion is to identify an intellectual agenda, rather than to make specific policy suggestions (other than the continued movement to alternative asset funds and discontinuation of the Tactical Asset Allocation Program).

Regarding the Tactical Asset Allocation Program, Executive Vice President Kasdin explained that he favors its discontinuance because there is no need to further reduce exposure to equities. Mr. Thurston noted that this program most recently covered only 10 percent of the portfolio. He also noted that as diversification into alternative assets proceeded, the intent was to further reduce the Tactical Asset Allocation Program. Therefore, now that the portfolio has been well diversified with the corresponding decrease in risk, there is no longer a need for this program.

Mr. Thurston reviewed other comparative data in the Cambridge Associates handout. In response to a question from Regent Newman about the benchmarks that will be used from this point onward, Executive Vice President Kasdin commented that there will be three different benchmarks: A comparison with other institutions; a customized benchmark (a model portfolio) that reflects the University's asset allocation strategy; and a sample 80% S&P500/20% Lehman Government-Corporate. He commented that at this moment in the history of markets, the question of how long the bull market will continue is "excruciatingly difficult." He noted that

this had been “a terrific decade of wealth creation,” and the challenge ahead is to maintain self-discipline and make sure that the people who benefit from the funds and who donate the funds believe that the funds are being managed in a prudent and appropriate fashion.

Proposed Design of the UM-Dearborn College of Arts, Sciences and Letters Building

President Bollinger noted the design presentation was being made for information and discussion purposes only. He called on Chancellor Renick, who introduced John Pressley, dean of the College of Arts, Sciences and Letters (CASL).

Dean Presley reported that the college is very excited about having had the opportunity to design a home for its programs and for the faculty of the humanities, mathematics, and behavioral sciences departments. Program planning for the building has been ongoing for many years, and serious planning began with the selection of the architects, Smith, Hinchman, and Grylls. He said that the architects have spent hundreds of hours in consultation with the programming committee and in open forums and other meetings with faculty, and that the process has been very collegial and enjoyable throughout. He then introduced the project architects: Mssrs. Coke Florance, Gary Worthy, Jeff Housman, and Carl Roehling.

Mr. Florance explained that the faculty had established certain goals with respect to the building: That it underscore the significance of liberal arts at UM-Dearborn; that it provide a strong identity for the campus; that it be a student-centered building; that it encourage interaction between students and among students and faculty; that it be responsive to the campus and to the specific site; and that it “raise the bar” architecturally for the campus. It was also important that the building help the campus interact with the community, and that it at least abstractly express the use of technology to enhance learning.

Using first a site model and then a building model, he explained the design concept. He pointed out that the basic strategy was to provide generous light and views for the public spaces and controlled light and views for the general classrooms on the ground floor. The latter is necessary because the use of advanced electronic and technological equipment in the classrooms requires that rooms be able to be darkened without complicated and expensive window treatment and screening apparatus. A further reason for that strategy was the desire to screen out the impact of the large parking lot on one side of the ground floor and the distraction of the pedestrian traffic on the other side. Noting the concern that had been expressed previously about the lack of natural light in the classrooms, he said the strategy was to control natural light in the classrooms for the reasons mentioned but to make it very abundant in the public spaces.

Mr. Florance displayed a site plan and several renderings of the building, and reviewed the floor plans for each floor. He pointed out that the building would be constructed of brick, curtain wall, and metal panels. The coloration will be consistent and compatible with the general coloration of the other buildings on the campus. The ground floor level would use the same brick as the University Mall, while smoother, slightly darker, brick would be used for the upper stories. He pointed out that the curtain wall is intended to reflect the grove of trees opposite the building.

Regarding the concept of the structure as a “signature building,” Mr. Florance cautioned that this concept implies the personal signature of an individual. He said the architects were interested in creating in a positive identity and positive image for the campus through a building that is memorable and perceived to be of high quality. This is done through the classic architectural devices of height, stature, sculptural massing, and the use of complimentary materials. He

pointed out that since much of the classroom activity will occur after dark, the rotunda will be lit up at night in order to enhance and reinforce the building's impact.

Mr. Florance explained that the building's design is currently at the schematic level, at which about 15 percent of the design process has been completed. He concluded that the architects believe they are "on the way to a memorable building that will linger in the public mind." The hope is that students will make use of the building between classes, rather than sitting in their cars as is currently a common practice.

There followed a discussion about programmatic and architectural features of the building. Regarding the issue of the view of the first-floor roof from the four-story wing, it was explained that the number of people actually seeing the roof would be very limited. It would only be seen by people standing at the window sill on the second floor. It was also noted since the last presentation, more windows had been added to the four-story building.

In response to the concern expressed by the Regents about lack of light in the classrooms, Dean Presley pointed out that during the initial public forums, students expressed the desire for sound-proof classrooms with easily controlled light, as the heavy use of computers, projection devices, and other technology in these classrooms will require darkened rooms. In fact, he said that a survey of the entire Dearborn campus faculty about how the teaching and learning environment could be improved revealed that a major desire was to renovate the existing classrooms so that they can be darkened. The intent was not to keep the students in the dark while reserving the light spaces for faculty.

Regent Deitch raised the issue of how programmatic needs are balanced with aesthetic concerns in the design of such buildings. He agreed that many of the programmatic needs have been addressed, but expressed that the building is not as attractive a building as it might be. He

said he would like to be supportive of the achievement of the campus's programmatic needs, while recognizing that "this is a hundred-year decision."

Mr. Florance responded that the architects believe they have struck such a balance, noting that the intention was to break "out of the box." He said that design cues were taken from the site, from the idea of a cross axis, and creation of a strong central space, and pointed out that opinions about the resulting design are by nature, subjective.

Another of the architects, Mr. Worthy, cautioned against focusing too much on the exterior shape, noting that for a building to be memorable, it must be experienced. He pointed out that architects strive to strike a balance between meeting programmatic needs while achieving a memorable building. He believes that once it is experienced, the building will be perceived as very memorable.

Dean Presley noted that certain elements of the design, including the serpentine wall and the rotunda, reflect the history of Dearborn. In addition, as a practical matter, the master plan calls for buildings to face inward toward the green part of the campus, away from the parking lots. While this building complies with that, at the same time, it projects an interesting facade toward the parking lot. He said that while the constant movement in the parking lot will create a distraction, at the same time it will be evident from the parking lot that sunlight will be bathing the interior and it will be evident that activities are occurring in the building. Thus, consistent with other campus buildings, the building looks inward, but also presents a facade outside, making a different statement from the other buildings.

Regent McGowan commented that the strength brought to this project by the involvement of so many people "leaves us, at least externally, with at best, a compromise." She

expressed grave concern that the many programmatic elements featured in this building were incorporated with no overarching vision, and that this is reflected in the design.

Regent Taylor commented that the building looks fine to him. He observed that, while as with any structure, there may be some elements of the design that he might not like, he believes that this building is “quite lovely.” He said that he is “baffled” by the concerns that have been expressed about this one building in the University’s entire complex of campuses, and expressed that he would be willing to cast his vote for approval right now.

Regent Horning expressed agreement with Regent Taylor. He asked the architects whether from a financial basis, it would have been more cost effective to design one five-story building instead of two linked buildings.

Mr. Jeff Hausman, another of the architects, responded that a cost analysis revealed the current design is less expensive than constructing one five-story building, and explained why that is the case. Mr. Florance also pointed out that the master plan calls for four stories as the maximum desirable building height. One four-story building would contain a very large volume of totally interior space with little exposure to daylight. The architects opted instead for a building that was more responsive to the landscape while responding to programmatic needs.

Regent Newman observed that this opportunity to interact with the building’s architects has been “incredibly helpful,” and thanked the architects for making the presentation. She noted that courtyards tend to get used for recreation, and wondered whether the noise level generated by the courtyards had been taken into account in the design. It was noted that the windows surrounding the courtyards would be double glazed, which provides a very good sound barrier.

Regent Maynard stated that she had been very impressed by the process with which the building was thought about and planned on the Dearborn Campus, and that it was unfortunate

that this discussion with the building's architects had not occurred at the previous meeting. She expressed hope that this experience would change the way the Board examines building projects in the future. She said that she would be ready to vote today, noting that she believes the building will suit the programmatic needs of the UM-Dearborn very well, and that it will blend very well with the other buildings.

Regent Taylor observed that if the protocol by which the Board reviews building projects is changed, he hoped it would not lead to an inordinate amount of time being spent in these endeavors. He said that the current situation indicates a flawed process which should be fixed.

Regent Deitch stated that he is "completely comfortable with one person's aesthetic judgment being different than another's." He agreed that it had been helpful to interact with the designers of the building. However, he noted that in terms of time management, reviews of major building projects "are the only hundred-year decisions we make." He believes it is important to underscore the permanence of these decisions and the responsibility entailed, and that they deserve to have a lot of time and thought spent on them.

Regent Taylor agreed, but noted that "this is not the way to make a hundred-year decision." He said that he did not mean to minimize the importance of the project, but rather noted that the process by which these decisions are made needs to be changed, so that buildings are not designed at Regents' Meetings.

Regent McFee stated that she is satisfied with the design of the building, and that the features pointed out during the discussion had been extremely helpful. She said that she had heard many comments about the color of the brick on the Dearborn campus, and requested that the color of the building's exterior brick be reconsidered.

The architects observed that they understand the seriousness of the Regents' concerns, but they have given the project a great deal of thought and are confident that what they have done is appropriate.

Regent Power noted that there are a number of methods that can be used to control light in classrooms other than the one that had been presented. Regarding the process, he observed that the process by which buildings are conceived, programmatically considered, and designed at the University had been deeply flawed for many years. He expressed the opinion that "there are systemic ways of dealing with the question of how do we get good buildings designed to meet programmatic requirements in limited periods of time," and that much of the current discussion is driven by the University's failure to do this up to now. Another underlying concern, he believes, is that the Regents are not very satisfied in general with the architecture used on the Dearborn campus. That is why to him, the most successful parts of the design of the CASL building have to do with the serpentine form and the rotunda, and the least successful parts are the rectilinear elements.

Regarding the question of process, President Bollinger pointed out that the comments made were not meant as criticism of the University's staff. Rather they relate to expectations and process on an institutional level. He said that in order to allow both the architects and Board additional time to reflect on the discussion, he would not call for a vote today but would expect the issue would be ready to be presented and voted upon at the April meeting.

Public Comments

The Regents heard comments from Edward McNamara, Wayne County executive, on UM-Dearborn and Wayne County partnerships; and Michael Guido, mayor of Dearborn, on UM-Dearborn's role in the City of Dearborn.

Friday, March 20, 1998

The Regents met at 9:40 a.m. in the Regents' Room. Present were President Bollinger and Regents Deitch, Horning, Maynard, McFee, McGowan, Newman, and Taylor. Also present were Provost Cantor, Executive Vice President Kasdin, Executive Vice President Omenn, Vice President and Secretary Harrison, Vice President Neidhardt, Chancellor Nelms, Chancellor Renick, and Interim General Counsel Barry. Regent Power, Vice President Hartford, and Vice President Kinnear were absent.

Consent Agenda

President Bollinger called the meeting to order and began consideration of the consent agenda.

Reports. It was noted that the Investment Report had been discussed the previous day. Executive Vice President Kasdin submitted the Plant Extension Report. General Counsel Barry submitted the Litigation Report. Vice President Neidhardt submitted the report of Projects Established for February 1998.

Voluntary Support. The Regents received the Report on Voluntary Support for February 1998.

Personnel Actions/Personnel Reports. Provost Cantor called attention to the recommendation for the appointment of Executive Vice President Omenn as professor of internal medicine with tenure, and professor of human genetics and professor of public health without tenure. She also noted the recommended appointment of George Kenyon as dean of the College of Pharmacy.

Retirement memoirs. Provost Cantor submitted four retirement memoirs.

Memorials. Provost Cantor submitted two memorial statements. Regent Deitch noted the passing of Mark Nickerson, a former member of the faculty whom he believed had been treated unfairly during his tenure at the University.

On a motion by Regent McFee, seconded by Regent Horning, the Regents unanimously approved the consent agenda.

University of Michigan Hospitals and Health Centers

Executive Vice President Omenn brought forth the recommendation for the appointment of Larry Warren as executive director of the University of Michigan Hospitals and Health Centers and associate vice president of the University of Michigan Health System.

On a motion by Regent Newman, seconded by Regent McGowan, the Regents unanimously approved the appointment of Larry Warren as executive director of the University of Michigan Hospitals and Health Centers and associate vice president of the University of Michigan Health System.

Mr. Warren thanked the Regents for recognizing him by making this appointment. He noted that the Hospitals and Health Centers and Health System are “recognized as a jewel in this country,” and said that the dean and he are intending to move the institution “to a level of performance excellence that is unprecedented in its history.”

Supplemental Information to the Certified Audited Financial Report of the Board in Control of Intercollegiate Athletics of the University of Michigan for the Year Ended June 30, 1997

Executive Vice President Kasdin submitted for information purposes Supplemental Information to the Certified Audited Financial Report of the Board in Control of Intercollegiate Athletics of the University of Michigan for the Year Ended June 30, 1997.

Appointment of Auditors for 1997-98

Executive Vice President Kasdin submitted a recommendation for the reappointment of Ernst & Young LLP as auditors for 1997-98. He noted that this would be the twelfth year of this engagement. He pointed out that while it is good practice to rotate auditors, this year would be an especially difficult time to do so because of the implementation of the PeopleSoft project. He noted that the auditors had been told last year that their engagement would last for three more years, but that he has informed them that the question of their reappointment next year would be held open for the time being.

Regent Deitch stated that he strongly encourages Executive Vice President Kasdin to make the change next year.

On a motion by Regent Newman, seconded by Regent McFee, the Regents unanimously approved the reappointment of Ernst & Young LLP as auditors for 1997-98.

UMHS Paid Time Off Program

Executive Vice Presidents Kasdin and Omenn submitted a communication clarifying that the Paid Time Off Program applies only to employees of the University of Michigan Hospitals, M-Care, and the Michigan Health Corporation, and not to employees of the University of Michigan Medical School.

Consulting Agreement with Claes Fornell International (CFI) Group

On a motion by Regent Newman, seconded by Regent Deitch, the Regents unanimously approved an agreement between the University of Michigan and Claes Fornell International (CFI) Group, formerly Anjoy Research, Inc. Because Claes G. Fornell is both the owner of CFI Group and 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 contract will be the University of Michigan and the CFI Group.
2. The terms of the contract include that CFI continues to design and conduct customer satisfaction studies in 1997 with completion of BBA and MBA student satisfaction reports, totaling \$15,772.45.

Projects for 1998 are three customer satisfaction studies, diversity historical analysis, and an alumni qualitative study totaling \$40,500. The contract will be for the years 1997 and 1998; totaling \$56,222.45.

3. Claes G. Fornell's pecuniary interest arises from his position as owner of the CFI Group.

Purchasing Contract with Medox Electro-Optics, Inc.

On a motion by Regent McGowan, seconded by Regent Deitch, the Regents unanimously approved a purchasing contract with Medox Electro-Optics, Inc. Because Gerard A. Mourou is a partial owner and member of the board of directors of Medox Electro-Optics, Inc. and also a University of Michigan employee, this purchasing contract 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 purchasing contract will be the Regents of the University of Michigan and Medox Electro-Optics, Inc.
2. The terms of the contract to support University of Michigan research include the purchase of one (1) each unique G/F/HV Spec Cable assembly set - Grid/filament/H/V w/cable, quotation #Q80122-M1 dated January 21, 1998 for \$300 as indicated on UM purchasing requisition #223393.

The duration will be until March 31, 1998.

3. Professor Mourou's pecuniary interest arises from his position as partial owner of Medox Electro-Optics, Inc.

Purchasing Contract with Rebus Planning Associates, Inc.

On a motion by Regent Deitch, seconded by Regent Newman, the Regents unanimously approved a purchasing contract with Rebus Planning Associates, Inc. Because Samuel J.

Meisels is both a University of Michigan employee and the owner of Rebus Planning Associates, Inc., this purchasing 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 purchasing contract will be the Regents of the University of Michigan and Rebus Planning Associates, Inc.
2. The terms of the contract to support a University of Michigan research grant will be the purchase of the following *Work Sampling System* items: 250 Teacher Education Handbooks @ \$5.50 each, and 250 Omnibus Guidelines @ \$5.50 each, for a total of \$2,750.

The duration of the contract will be until March 31, 1998.
3. Dr. Meisels' pecuniary interest arises from his position as owner of Rebus Planning Associates, Inc.

Agreement between the University of Michigan and Michigan State University

On a motion by Regent McFee, seconded by Regent Horning, the Regents unanimously approved an agreement between the University of Michigan and Michigan State University. The purpose of the agreement is to provide a subcontract to Michigan State University to support continuing collaborative activities there involving the project, "Risk and Coping in Children of Alcoholics. Because one of the collaborators, Dr. Hiram Fitzgerald, is an employee of Michigan State University and also an adjunct professor at the University of Michigan (without compensation), this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and Michigan State University.
2. Terms of the agreement include a total subcontract of approximately \$1,062,837 to cover the period October 1, 1997 through December 31, 2002. The University standard subcontract provisions will apply.

Reassignment of the University's Ownership Interest in Intellectual Property

On a motion by Regent Horning, seconded by Regent Maynard, the Regents unanimously approved reassignment of the intellectual property "Back-saver Brace for Lead Aprons in

Radiology and Interventional Cardiology,” to the inventor, David M. Williams, M.D. Because Dr. Williams is both a University of Michigan employee and a party 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 are the University of Michigan and David M. Williams.
2. Under the terms of the agreement, there will be payment to the University on a quarterly basis of 15 percent of royalties, equity, or other value received by Dr. Williams through subsequent marketing and licensing of the invention. There will be no use of University facilities or services without appropriate approvals.

Implementation of Regents’ Policy on Research Grants, Contracts, and Agreements, FY97

Vice President Neidhardt submitted the annual report on implementation of the Regents’ Policy on Research Grants, Contracts, and Agreements for Fiscal Year 1997. He reported that policy implementation is proceeding very smoothly.

University of Michigan Health System

Executive Vice President Omenn reported that as noted at the last meeting, the Ford Motor Company had just announced a new health plan that is to be made available to salaried employees and retirees, called Partnership Health. This health plan represents a new initiative for the University of Michigan Health System.

Michigan Stadium Scoreboards and Video Production Facility

Executive Vice President Kasdin called on Mr. Tom Goss, athletic director, to present a request for approval of a project to replace the Michigan Stadium scoreboards with video scoreboards and to install a video production facility at Crisler Arena that would be used to produce video images on the scoreboards.

Mr. Goss displayed an illustration of the stadium with the current electric scoreboards. He then showed illustrations of both internal and external views of the stadium with the proposed new video scoreboards, which would be placed at the north and south ends of the stadium. He called on Mr. Tom Cecchini, director of marketing and communications in the Department of Intercollegiate Athletics, to describe the proposed scoreboards and video production facilities.

Mr. Cecchini described the enhancements that would be possible with the new scoreboard and videoboard, noting that the project also includes an enhanced sound system. He pointed out that the video production facility would also allow highlights of football games and other events held in the stadium, such as commencements, to be broadcast on the Internet.

Executive Vice President Kasdin reported that the proposals had received the support of the Board in Control of Intercollegiate Athletics. Mr. Goss also noted that Jose-Marie Griffiths, the executive director of the Information Technology Division, had been involved in the project to ensure that it fits in with the University's plans in this area. Ms. Griffiths observed that these projects will bring the Athletics department into the Internet world. The technology plans described in these proposals are entirely consistent with what is going on elsewhere at the University.

Mr. Goss stated that consistent with past practices, there will be no commercialization inside the stadium, including on the scoreboards.

Regent Deitch moved approval of the Crisler Arena video production facility. Regent McGowan seconded the motion. He then moved approval of the project for replacement of the Michigan Stadium scoreboards, as described in the Regents Communication. Regent McGowan seconded that motion.

Regent Deitch commented that these projects will be “wonderful enhancements to life at Michigan,” and that they have the potential to improve the commencement experience as well as the experience of attending football games. He said he was pleased that there would continue to be no commercial sponsorship within the stadium. He also praised the capabilities that will be made possible by the new production facility, especially the ability to publicize non-revenue-producing sports.

In response to a question from Regent Horning about the display on the back side of the stadium scoreboards, Mr. Cecchini stated that on the outside of the scoreboard on the south side of the stadium, there will be a message board that will allow for the posting of scores, notices of upcoming events, and other communications.

The votes were then taken on each of the motions, and they were approved unanimously.

Trademark Licensing

Mr. Goss observed that there had been a lot of discussion recently about a proposal made by Duke University regarding licensees who do business in other countries. He noted that the University of Michigan and over 100 other universities are affiliated with the Collegiate Licensing Company (CLC). CLC, in conjunction with the University of Michigan and other institutions, is in the process of developing its own code about this issue. He said the Regents would have an opportunity to review the code before it is finalized.

Regent McGowan said that she had read the code of conduct adopted by Duke University with enormous interest. She expressed the opinion that rather than waiting for all of the institutions within the CLC to agree to a code, the University of Michigan should be a leader in promulgating such a code. Mr. Goss replied that the University is writing its own code in conjunction with CLC. He reiterated that because the issue affects the entire institution, the

Regents will have an opportunity to review it before it is adopted. He said that the decision of whether the University's code is adopted with the CLC or independent of it is beyond the purview of the Athletics Department.

Regent Deitch observed that Duke University is also a member of CLC. He pointed out that he has had "serious, long-standing, concerns about the University's licensing policy," and that he has never been comfortable with the University's contract with Nike Corporation. One reason for that discomfort is the fact that Nike's labor practices may fall short of the standards maintained by the University. He said that "it is important for us to take a leadership role on principle on these issues," particularly since the University receives more royalties from its licensed products than any other institution. Therefore, he strongly urged the University to take an affirmative role, to the point of terminating contracts as a matter of public policy when it becomes "impossible to get appropriate buy-in to our values from our licensees."

Mr. Goss said that a draft of the proposed code would be forwarded to the Regents in the near future.

Revision of Regents' Bylaw Section 11.13 (The Medical School: The Executive Faculty)

Provost Cantor observed that the proposed revision would grant membership on the executive faculty of the Medical School to primary research scientists and clinical II faculty members.

She observed that the purpose of the revision is to be responsive to a vote in April 1997 by the governing faculty of the Medical School to expand the executive faculty to include primary research scientists. A similar vote in May of 1986 had expanded voting membership on the executive faculty to clinical II faculty. However, due to an oversight, it was discovered in 1997 that this change to the bylaw had never been recorded. The current proposal, therefore, is

to update the bylaw by including both revisions. Provost Cantor noted that clinical faculty have been voting as members of the executive faculty since 1986, and the revision is intended to correct the oversight made that year and add primary research scientists.

She explained that membership on the executive faculty in the Medical School for clinical II faculty and primary research scientists means that these staff members have voting rights, but cannot be elected to the University's Faculty Senate or the Medical School Executive Committee. Provost Cantor clarified that clinical II faculty are faculty members hired by the Medical School with more than 50 percent appointments; they all teach and all work within a clinical setting. She noted that nine of the ten schools and colleges with clinical track II faculty with already granted voting privileges to these individuals.

Provost Cantor observed that there is a growing sense within the University that a discussion is necessary about the composition of the faculty and the definition of governing faculty rights and privileges. She said that discussions were begun last fall within various faculty and administrative bodies across the University about "the full sense in which we appoint and evaluate and appropriately privilege different parts of the governing faculty of the University and the different roles that people play." These discussions will take place over an extended period of time and should be independent of the current proposal for revision of the bylaws regarding the Medical School faculty.

Vice President Neidhardt clarified that primary research scientist faculty have always been members of the University Senate.

Provost Cantor called on Professor Lou d'Alecy, chair of the Senate Advisory Committee on University Affairs (SACUA) to present the point of view of SACUA on this issue.

Professor d'Alecy thanked the Board and the administration for giving the faculty an opportunity to speak in opposition to a proposed action request. Speaking from prepared remarks, he urged the Regents to table or otherwise delay this action for the following reasons: the Bylaws are the foundation of university governance, and should not be changed without full and considered discussion; this discussion should occur before making changes in the Bylaws; no urgency has been publicly expressed for making this revision; elected faculty governance is concerned that this action will set a "damaging pattern" that ultimately could eliminate tenure-track faculty throughout the University.

Furthermore, Professor d'Alecy stated that since 1990 there has been a ten-fold increase in clinical II non-tenure-track appointments just within the Medical School, and that with ten schools and colleges now offering similar tracts, there is a potential for marked erosion in the percent of tenure-track faculty in these units. The concern with clinical track faculty is that they primarily practice medicine and operate under a substantially different incentive structure, and faculty do not believe that practicing medicine is the equivalent to being an executive faculty member.

Professor d'Alecy said that faculty disagree with the opinion that the proposed change simply codifies existing practice. Rather it increases the rights and privileges of the two supplementary tracks and potentially gives clinical track faculty full, University-wide executive faculty status. Finally, he questioned the validity of the 1986 vote upon which the current Action Request is based. He concluded by requesting that the Regents delay consideration of the bylaw change.

Following some discussion, President Bollinger said that he was sorry there was disagreement between SACUA and the administration on this issue. However, the

administration agrees that there are serious issues about the composition of the faculty and the relationship of tenure-track to non-tenure-track faculty and the privileges that go along with this. He reiterated that a group of deans is studying this issue and that Executive Vice President Omenn has requested that Medical School faculty also consider it. He said that the question is whether to delay and disrupt standard practice in the Medical School or to codify what has been standard practice now but initiate a general discussion of the issues.

In response to a question from Regent McFee, Provost Cantor said that this bylaw change will have no impact on any other school or college but the Medical School.

Jayne Thorson, assistant dean for faculty affairs in the Medical School, described the role of clinical track faculty in the Medical School. She noted that most are clinical teachers who are not involved in research and who work off-site, and therefore are not appropriately placed in the tenure track. However, they play a critical role in the school.

Regent Deitch moved approval of the following changes in Regents' Bylaw 11.13 (additions are underlined; deletions are crossed out):

Regents' Bylaw Sec. 11.13. The Medical School: The Executive Faculty

The executive faculty shall consist of all faculty members of the rank of professor, associate professor, ~~and~~ assistant professor, clinical professor II, clinical associate professor II, clinical assistant professor II, senior research scientist, senior associate research scientist, and assistant research scientist. ~~and those instructors of one or more years' standing approved by a majority vote of the professorial staff of the Medical School.~~—It shall perform the duties assigned to the governing faculties of other schools and colleges.

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

New Degree Program for the School of Health Professions and Studies, UM-Flint

On a motion by Regent Deitch, seconded by Regent Horning, the Regents unanimously approved a new degree program, “Bachelor of Science in Radiation Therapy,” to be offered in the School of Health Professions and Studies at the University of Michigan-Flint.

Official Enrollment Count Dates for the University of Michigan-Flint Campus

On a motion by Regent Maynard, seconded by Regent Deitch, the Regents unanimously approved a change in the official enrollment count dates for the Flint campus, as described in the Regents Communication.

There being no further business, the meeting was adjourned. The next meeting will take place April 21, 1998. Regents' expenses for February 1998 totaled \$1,598.79.