

FEBRUARY MEETING, 1999

*The University of Michigan
Ann Arbor
Thursday, February 18, 1999*

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

Opening Remarks

President Bollinger called the meeting to order and reported on a number of accomplishments of students and faculty members. He noted that 100 students would be participating in the Alternative Spring Break program and that 4,000 students had enrolled in classes being offered as part of the "Diversity: Theories & Practices" theme semester. He also reported that Sam Davis, a 1998 graduate of the School of Music, had won the prestigious Jonathan Larson Performing Arts Foundation Award for composition, and noted that Mr. Davis is the nephew of Regent McGowan. President Bollinger reported that several honors and awards were received by faculty members and noted discoveries made by University physicists and researchers from the Geological Sciences Department and the Comprehensive Cancer Center.

Statement Regarding Athletic Department

President Bollinger read the following statement:

For some months now the central administration and the Athletic Department have been working together to improve the system of budgeting and financial management of the Athletic Department in order to insure that it will support a premier program for our student-athletes. The recent attention to the projected increase in prices for football tickets has made me more keenly aware of the need to move these discussions to a more formal level. While the decision about ticket prices met every requirement of our current system of financial governance, it also made manifest the need for a process that will inspire greater confidence in our financial decisions. For these reasons, therefore, I am asking Executive Vice President and Chief Financial Officer Robert Kasdin to chair a committee to advise me on the structure of financial management and long-term planning for the Athletic Department. This review will include examining the relationship between the Athletic Department, the Office of the Vice President and Chief Financial Officer, and the Board in Control. I have discussed this with Athletic Director Tom Goss, and he joins me in recommending this study.

Along with Executive Vice President Kasdin, the other members of the committee will be Professor Percy Bates (currently a member of the Board in Control), Associate Vice President and Deputy General Counsel Liz Barry, and alumnus Bill Martin.

Recruiting and Retaining a First Rate Faculty

President Bollinger called on Provost Cantor to discuss the environment and conditions necessary for recruiting and retaining a first-rate faculty. These elements are viewed as crucial to maintaining the University of Michigan's status as a great public research university.

Provost Cantor observed that one necessary step in retaining faculty is determining what factors make people want to stay. One of these factors is the existing strength of the faculty; another is first-rate students; another is a good work environment.

One of the most important factors in the work environment is wages, which she noted have been rising at a rate greater than inflation. Skilled labor's national average wage increase has been 4 to 5 percent. To position the University's faculty salaries at a 4 percent increase to stay at pace with skilled labor would cost \$7.6 million for tenure and tenure-track faculty, with an additional \$1.9 million for a 5 percent increase. To include graduate student instructors and

lecturers would cost another \$2 million. Therefore, merely to keep up with the market for instructional faculty only would cost about \$11 million.

Provost Cantor said that she had asked each dean to identify a set of peer institutions to be used for salary comparisons in their discipline. She noted that in a number of areas the comparisons with peer institutions are favorable. However, there are many areas of vulnerability, especially in LS&A, but also in some professional schools. To catch up in the vulnerable areas and thereby protect the investment we have already made in our excellent faculty would require an additional \$6 million.

Provost Cantor observed that an equal concern in retaining faculty is in the physical aspects of the work environment, especially in the sciences, where laboratory equipment, seed money for research and teaching initiatives and the like can be very expensive. The start-up costs for setting up laboratories can run as high as \$800,000 each. In conclusion, she stated that even though we offer excellent research and scholarly opportunities, the faculty will find it hard to stay if other institutions are offering more attractive salaries and facilities in addition to the kinds of research and scholarship opportunities that are available here.

President Bollinger noted that this and future reports by Provost Cantor will provide opportunities for analysis of particular budgetary areas that are of great importance to the institution, prior to the final budget presentation in July.

Consent Agenda

Reports. Executive Vice President Kasdin submitted reports on Investment, Plant Extension, and Human Resources and Affirmative Action. He noted that the search for the position of chief investment officer has begun.

Vice President Krislov submitted the Litigation Report.

Interim Vice President Ulaby submitted the report of Projects Established for January 1999.

The Faculty Governance Update and MSA Monthly Report were submitted.

University of Michigan Health System Report. Executive Vice President Omenn announced that the Health System would soon be undergoing a strategic planning process to identify crucial issues at the system level that reflect proper scaling, balance, integration, and value-added from each component of the Health System's mission: education, research, clinical services, and technology development. Central to the effort is enhancing the Health System's ties to the rest of the University.

Executive Vice President Omenn noted that he would be chairing the strategic planning committee, and he would be assisted by Associate Vice President Douglas Strong. There would also be a steering committee and four planning committees, consisting of education, research, clinical (inpatient and outpatient), and resources and infrastructure. The other health-discipline schools and colleges are included in the process in some manner, but the strategic plan is directed only at the Health System. The target date for completion of the planning process and implementation of the action plan is December 1999.

Executive Vice President Omenn further called attention to the recently released report of the Life Sciences Commission, the recent visit to the Health System by Regents Brandon and White, and a recently convened conference on venture capitalism. He also noted that the Medical School is in the midst of celebrating its sesquicentennial.

Regent McGowan praised the Health System's response in the wake of an explosion at the Ford Motor Company Rouge Plant. She expressed the Regents' appreciation to the Burn Unit and Trauma Unit for their contributions and their handling of the incident.

Student Affairs Report. Vice President Hartford announced that she was ceding her time on the agenda to the Student Code Review Committee of the Michigan Student Assembly. Mr. Brian Reich, chair of the review committee, noted that in December his group had given the Regents a comprehensive review and recommendations regarding the Code of Student Conduct. He pointed out that the code review group had identified three themes: 1) that most students are unaware of the Code of Student Conduct; 2) the Code could be simpler and more easily communicated; and 3) the Code must be a living, breathing document that can easily be adapted to the changing nature of the University over time. He then reviewed the committee's suggested changes to the structure of and amendments to the new Code. He noted that the committee is in favor of the proposal before the Board to change the amendment process so that the final decision on amending the Code will rest with the president.

Mr. Reich called on Mr. Abe Araf, who explained how the proposed new amendment process would operate. Mr. Trent Thompson, president of Michigan Student Assembly, then reviewed why Michigan Student Assembly acted as it did with respect to the Code and what it expected would happen in the future. He noted that MSA had accepted the fact that there would be a Code of Student Conduct and that it had accepted the rationale for having one. Therefore, it had worked to assure that the Code would be as "student-rights-friendly" as possible. He said that MSA believes that the amendment gives students a role in the evolution of the code, allowing students to identify it as "their" code that they will want to live by. Mr. Thompson noted that MSA supports the Code of Student Conduct.

Regent Newman praised the monthly report submitted by Michigan Student Assembly, noting that it contained a wealth of information. Regent Maynard stated that she was impressed

by the commitment of time and energy on the part of the Student Code Review Committee in developing an amendment process that allows everyone to have ownership.

Regent Newman said that she would like to spend time with students involved in student government, perhaps attending classes with them and being shown how they spend their time on campus.

President Bollinger thanked all of the students who have worked on the Code revision, noting that they had expended a tremendous amount of effort and that their approach had been exemplary.

Dearborn Campus Report. Chancellor Renick observed that faculty compensation is a significant issue on the Dearborn campus as well as the Ann Arbor campus, particularly in the area of recruiting junior faculty and compression of salaries for senior faculty who have been in their positions for a long time.

Chancellor Renick noted that John Miller, associate professor of electrical engineering, had received a major National Science Foundation grant to support undergraduate research in the area of advanced imaging and intelligent systems. He reported that there is currently an exhibit on campus featuring the publications and creative work of UM-Dearborn faculty. He also noted that the UM-Dearborn Program for Academic Support has sponsored a number of campus initiatives designed to recruit and retain minority students from area high schools and to help these students strengthen their skills before they enter the University.

Flint Campus Report. Chancellor Schmoll reported that the UM-Flint Theater Department's production of *Earl the Vampire* has been selected to be showcased by the Kennedy Center American College Theater Festival, and that it may be selected for performance at the

Kennedy Center in April. She noted that this production had been written by a Theater Department student.

Chancellor Schmoll also reviewed some activities that have been sponsored by the University Outreach program, including a dance project with involving elementary schools and a winter brass festival involving local high schools. She also reported that as part of African American History Month, the campus was sponsoring its first annual Thurgood Marshall Breakfast as well as an essay contest for local high school students. It is also co-sponsoring, with the City of Flint, a “Winterfest.” Finally, she noted that the Regents would be asked to participate in the North Central Accreditation self-study process currently underway on the Flint campus.

Voluntary Support

Vice President Feagin submitted the report of Voluntary Support for January 1999.

Personnel Actions/Personnel Reports

Provost Cantor submitted a number of personnel actions and personnel reports, and called attention to the appointment of Rebecca Blank as dean of the School of Public Policy. She also noted that recommendations were being made for Thurnau professorships, which recognize outstanding contributions of faculty to undergraduate education.

Chancellor Renick submitted several recommendations for the Dearborn campus.

Retirement Memoirs

Vice President Tedesco submitted recommendations for the adoption of retirement memoirs for three faculty members.

Memorials

No deaths of active faculty members were reported this month.

Degrees

Provost Cantor submitted for approval final degree lists for the December 1998 commencements and changes to previously approved degree lists. These recommendations are on file in the Office of the Vice President and Secretary of the University.

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

There followed a five-minute break, beginning at 3:00 p.m.

The meeting reconvened at 3:05 p.m.

Executive Vice President Kasdin highlighted an article that had appeared in the February 1999 issue of *Architecture* magazine on the restoration of the University of Michigan's Detroit Observatory.

Large Capitalization Domestic Equity Manager

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved the appointment of Alliance Capital Management, L.P., as a large capitalization domestic equity manager.

E.H. Kraus Building

On a motion by Regent Maynard, seconded by Regent McGowan, the Regents unanimously approved a project for remodeling of the second floor of the E.H. Kraus Building at an estimated cost of \$950,000.

South Quadrangle Electrical and Fire Alarm System Upgrade

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved a project for upgrading the existing electrical and fire alarm systems in South Quadrangle, as described in the Regents Communication.

Regent McGowan asked whether carbon monoxide emissions is a cause for concern in the residence halls. Executive Vice President Kasdin said he would investigate this matter and report back.

North Campus Road Repairs

On a motion by Regent Taylor, seconded by Regent Horning, the Regents unanimously approved a project for repair of sections of roads on North Campus, as described in the Regents Communication.

UMHHC Magnetic Resonance Imaging Scanner Project

On a motion by Regent Horning, seconded by Regent White, the Regents unanimously approved a project for acquisition of a third magnetic resonance imaging scanner, placement of the scanner adjacent to the existing imaging center at the East Ann Arbor site, and appointment of Albert Kahn Associates, Inc. as the architect.

Purchasing Contract with Absolutely Karaoke

On a motion by Regent Horning, seconded by Regent Deitch, the Regents approved a purchasing contract with Absolutely Karaoke. Regent Newman was not present when the vote was taken. Because the sole owner and stockholder of Absolutely Karaoke, Ms. Julie Peterson, is also a University of Michigan employee, the 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 its Department of Arts and Programs at the Michigan Union and Absolutely Karaoke.
2. The terms of the contract are to provide karaoke performances weekly from January through April of 1999, at a total amount of \$2,000.
3. Ms. Peterson's pecuniary interest arises by virtue of the fact that she is the sole owner of Absolutely Karaoke.

Agreement between the University of Michigan and Harvard University

On a motion by Regent Maynard, seconded by Regent Horning, the Regents approved an agreement between the University of Michigan and Harvard University involving a subcontract awarded to Harvard University as part of a grant to the University of Michigan from the National Institutes of Health for the project, "Torture and Mental Health in South Africa." Regent Newman was not present when the vote was taken. Because one of the parties to the agreement, Dr. Ronald Kessler, is also an adjunct research scientist at the University of Michigan's Institute of Social Research, 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 Harvard University.
2. Terms of the agreement include a total subcontract of approximately \$160,000 to cover the period September 30, 1998 through May 31, 2003. The University's standard subcontract provisions will apply.
3. Dr. Kessler's appointment at the University of Michigan runs through July 2000 and is without compensation. The subcontract will support his collaborative activities at Harvard University.

Reassignment Agreement between the University of Michigan and Charles N. Ellis, M.D.

On a motion by Regent Maynard, seconded by Regent White, the Regents approved a reassignment agreement between the University of Michigan and Charles N. Ellis, M.D., regarding the invention, "Lattice System Global Scale for Psoriasis." Regent Newman was not present

when the vote was taken. Because Dr. Ellis is also a University of Michigan employee, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and Charles N. Ellis, M.D.
2. Terms of the agreement include payment to the University on a quarterly basis of fifteen percent (15%) of royalties, equity, or other value received by Dr. Ellis through subsequent marketing and licensing of the invention, "Lattice System Global Scale for Psoriasis." There will be no use of University facilities or services without appropriate approvals. The agreement includes standard terms approved by the Board of Regents on July 16, 1987.

Reassignment Agreement between the University of Michigan and Gary J. Nabel, M.D.

On a motion by Regent Maynard, seconded by Regent White, the Regents approved a reassignment agreement between the University of Michigan and Gary J. Nabel, M.D., regarding the invention, "Genetic Immunization for Ebola Virus Infections." Regent Newman was not present when the vote was taken. Because Dr. Nabel is a University of Michigan employee, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and Gary J. Nabel, M.D.
2. Terms of the agreement include payment to the University on a quarterly basis of fifteen percent (15%) of royalties, equity, or other value received by Dr. Nabel through subsequent marketing and licensing of the invention, "Genetic Immunization for Ebola Virus Infections." The agreement includes standard terms approved by the Board of Regents on July 16, 1987.

Research Agreement between the University of Michigan and Thromgen, Inc. ("Thromgen") (NIH Phase I STTR)

On a motion by Regent White, seconded by Regent Maynard, the Regents approved a research agreement between the University of Michigan and Thromgen, Inc. ("Thromgen") involving a STTR Phase I grant from the National Institutes of Health. Regent Newman was not present when the vote was taken. Because Dr. Alvin H. Schmaier is both University of Michigan

employee and president and part-owner of Thromgen, and Dr. Ahmed A.K. Hasan is a Thromgen employee with an appointment at the University of Michigan, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and Thromgen, Inc.
2. Terms of the agreement conform to University policy. The period of performance is six months at a total cost of \$56,040.
3. Dr. Schmaier's pecuniary interest arises from his ownership of 20% of the company's stock; Dr. Hasan's pecuniary interest arises from his position as a 100% employee of Thromgen.

Research Agreement between the University of Michigan and Thromgen, Inc. ("Thromgen") (NIH Phase II STTR)

On a motion by Regent White, seconded by Regent Maynard, the Regents approved a research agreement between the University of Michigan and Thromgen, Inc. ("Thromgen") involving a STTR Phase II grant from the National Institutes of Health. Regent Newman was not present when the vote was taken. Because Dr. Alvin H. Schmaier is both University of Michigan employee and president and part-owner of Thromgen, and Dr. Ahmed A.K. Hasan is a Thromgen employee with an appointment at the University of Michigan, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and Thromgen, Inc.
2. The terms of the proposed agreement conform to University policy. The period of performance is one year at a total cost of \$158,004.
3. Dr. Schmaier's pecuniary interest arises from his ownership of 20% of the company's stock; Dr. Hasan's pecuniary interest arises from his position as a 100% employee of Thromgen.

Regent Newman returned to the table at this point, at 3:20 p.m.

Review of the Code of Student Conduct

Vice President Hartford noted that when the Code of Student Conduct was initially adopted in 1995, it was with the understanding that it would undergo a thorough review in three years. She said that the review has taken place, and it included an internal self-evaluation by the Office of Student Conflict Resolution; a University review committee; an external review team composed of representatives from Dartmouth, University of Virginia, and Northwestern University; and a review by a committee of MSA.

Vice President Hartford observed that as a result of the review, there is a good understanding of what the code does well, where improvements are needed, and how it should evolve over the coming years. She said the review process has been good for the institution, has expanded students' knowledge about the code, and has provided good feedback about how information about the code should be communicated to students in the future. She was pleased that at the finding that the Office of Student Conflict Resolution focuses on an educational, rather than a punitive or legalistic process.

Regents Maynard and Taylor complimented Vice President Hartford and her staff for the thorough and inclusive review that was undertaken.

1999-2000 University Residence Hall and Family Housing Rates

Vice President Hartford observed that she appreciates the Regents' focus on cost-effectiveness in the operation of residence halls. She reported that in response to the concerns expressed by the Regents about benchmarking, the Association of College, University, and Housing Officers and the Big Ten Housing Officers have made benchmarking a national priority among housing officials.

Regarding the rate proposal, Vice President Hartford noted that University Housing has undergone significant cost-saving and reallocation of expenses, with over \$1 million in costs having been cut in the last three years.

Regent Deitch moved approval of an average rate increase of 2.3 percent for University-owned residence halls and 2.3 percent for apartments, as described in the Regents Communication. Regent Newman seconded the motion.

Regent Newman commented that she was very pleased by the Housing proposal, and by the efforts that have been made in keeping up with technology needs in the residence halls. She asked President Bollinger if the central dining facility that had been proposed several years ago for the Hill-area residence halls was still under consideration. She pointed out that consolidation of the separate dining facilities that currently exist in each residence hall may be another area that can be pursued for cost-savings.

President Bollinger responded that the central dining facility proposal has been put on hold, with no plans to move forward, and that it is now a part of the master planning process. Vice President Hartford noted that the cost of renovating the dining halls in the four “Hill” residence halls is being examined, along with the cost of a central facility. She said that from a Housing point of view, a common dining hall is desirable. But the decision needs to be viewed in conjunction with plans to increase “living/learning” options for students, as well as how well new construction would fit in with the master plan currently being developed.

Provost Cantor noted that the aim of “living/learning” programs is to create a sense of community for incoming freshmen and sophomore students, and the concern is how this would be affected by a central dining facility. Assuming that kitchen and dining renovations could be done in an economical fashion within the existing residence halls, the current thinking is that

these would help create a sense of community within a large university. Executive Vice President Kasdin noted that his staff is working with staff from student affairs to review the dining facility cost options, as well as the general area of capital needs of Housing and Student Affairs.

President Bollinger observed that the issue of whether to construct a central residence hall dining facility is a major decision involving esthetic issues for a critical area of the campus and also is part of the ongoing debate on the programmatic issues involving residence halls.

The vote was then taken, and the motion to approve residence hall and family housing rates for 1999-2000 was approved unanimously.

“Michigan Greats”

Vice President Ulaby gave a presentation on Charles Correa, architect and planner, who received a bachelor’s degree from the University of Michigan College of Architecture and Urban Planning in 1953. Mr. Correa is a major figure in contemporary architecture known for his great range of projects and sensitivity to social and environmental concerns.

Public Comments

The Regents heard comments from the following individuals on the topics indicated: Ray Fullerton, alumnus, on the UM Football Stadium halo; Audrey Jackson, alumna, on the role of public institutions; Michelle Semins, student, on the Code of Student Conduct; Paul Ching, student and member of the GEO Steering Committee, on the status of GEO (Graduate Employees Organization) contract negotiations; and Joe Sexauer and Peter Romer-Friedman, students and members of SOLE (Students Organizing for Labor and Economic Equality), on sweatshops and the proposed labor code of the Collegiate Licensing Corporation.

Code of Student Conduct Amendment Process Change

Vice President Hartford commented that the proposed change in the amendment process for the Code of Student Conduct would move the locus of amendments to the code from the Board of Regents to the Office of the President.

Regent Brandon moved approval of the proposed new language for Section I of the “Related Procedures” section of the Code of Student Conduct (“Amending the Code of Student Conduct”). Regent Deitch seconded the motion, and it was approved unanimously. The new language follows:

“Code of Student Conduct. Related Procedures, Section I (Amending the Code of Student Conduct)”

The Michigan Student Assembly, the Senate Assembly, or the Executive Officers of the University may propose amendments to the Code. All proposed amendments will be reviewed by the Student Relations Committee of SACUA. After consultation with each of the above mentioned groups, the Student Relations Committee will forward proposed amendments to the president of the University with the committee’s recommendation on implementation. The final decision on emending the Code will be the president’s.

There being no further business, the meeting was adjourned at 4:25 p.m.. The next meeting will be held March 18-19, 1999.