

JUNE MEETING, 2001

*The University of Michigan
Ann Arbor
Thursday, June 21, 2001*

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

President's Opening Remarks

President Bollinger called the meeting to order. He offered condolences to Provost Cantor's husband, Steven Brechin, on the loss of his father. He reported on a number of recent University news items and events, along with accomplishments of faculty and students and deaths of staff members and former faculty members.

Michigan Academic Competition Team. Following his remarks, President Bollinger called on Regent Maynard who invited members of the Michigan Academic Competition Team to the podium as she read the following resolution:

Regents' Resolution

The Regents of the University of Michigan commend the 2000-2001 Michigan Academic Competition team for another outstanding season and for winning the team's fourth College Bowl National Championship Tournament in six years – a record in College Bowl tournament history.

Led by Coach Anne Mitchell, the five-member team that represented the University was comprised of captain Michael Davidson, Mark Calaguas, Ben Heller, Ryan McClarren, and Ati Tislerics.

The team's victory over leading contenders from other regions and ultimately the University of Chicago at the College Bowl National Championship was the Michigan Academic Competitions' second major title this year. In March, Davidson and teammates Ezequiel Berdichevsky, Adam Kemezis, and Noel Erinjeri defeated fifteen other teams to win the Academic Competition Federation National Championship.

The Regents proudly recognize all the students who participated in the Michigan Academic Competition program and congratulate the winners of this year's College Bowl National Championship Tournament and Academic Competition Federation National Championship.

Mr. Tislerics thanked the Regents on behalf of the team, both for the recognition and for the funding, and noted that in his thirteen years of involvement in academic competition, "I have never seen an assembly of talent like we have here on this campus, and that speaks very well of the University." A round of applause followed.

Retirement of Professor Sidney Fine. President Bollinger called to the podium Professor Sidney Fine and read his faculty retirement memoir:

Retirement Memoir

Sidney Fine, Ph.D., professor of history and the Andrew Dickson White Professor of History in the College of Literature, Science, and the Arts, will retire from active faculty status on May 31, 2001.

Professor Fine received his B.A. degree from Western Reserve University in 1942 and his M.A. and Ph.D. degrees from the University of Michigan in 1944 and 1948, respectively. He began his career at the University of Michigan as an instructor in 1948 and was promoted to assistant professor in 1951, associate professor in 1955, and professor in 1959. He was appointed the Andrew Dickson White Distinguished Professor of History in 1974.

For 53 years, Professor Fine has been an exemplary scholar, teacher, and colleague. He is an outstanding leader in American labor history and is the foremost scholar of the social and political history of Michigan. Among his 11 books, which altogether have won 8 awards, are a 3-volume study of the life and times of Frank Murphy and accounts of the General Motors sit-down strike of 1936-1937 and the Detroit riot of 1967. He received a Guggenheim Fellowship, was elected president of Labor Historians, and received 3 honorary degrees. He chaired the Department of History from 1969-71, served on the College of Literature, Science, and the Arts Executive Committee from 1960-65, and was a

member of many other college and departmental committees. Professor Fine received the University of Michigan's Distinguished Faculty Achievement Award in 1969 and was named the Henry Russel Lecturer for 1984-85.

Professor Fine has always been an extraordinarily dedicated and effective teacher. The Council for Advancement and Support of Education named him Professor of the Year for the state of Michigan in 1986, and he received a special tribute from the state in 1997. He is the only member of the UM faculty to have had the dual honor of being named Henry Russel Lecturer and of receiving the Golden Apple Award from undergraduate students for outstanding university teaching.

The Regents now salute this distinguished scholar by naming Sidney Fine professor emeritus of history and the Andrew Dickson White Professor Emeritus of History.

President Bollinger described Professor Fine as a “teacher’s teacher” and “faculty member’s faculty member” and noted that when spending time with him it was immediately apparent why he was both very effective and very popular. Professor Fine thanked President Bollinger and the Regents, noting that he had spent his entire career at Michigan and had “ never had a moment of regret.” A standing ovation followed.

President Bollinger called on Regent McGowan, who called Provost Cantor to the podium and read the following resolution:

Regents' Resolution

The Regents of the University of Michigan salute and express their gratitude to Provost and Executive Vice President for Academic Affairs Nancy Cantor as she leaves the University on July 20, 2001, to become chancellor of the University of Illinois at Urbana-Champaign.

Appointed in 1997, Provost Cantor is the first woman at the University of Michigan to serve as chief academic officer. Her leadership has been characterized by great energy, compassion, and a commitment to the highest academic values. She has provided the resources and intellectual framework for important initiatives in undergraduate education and interdisciplinary scholarship and research, while promoting diversity, gender equity, and a family-friendly environment for faculty, students, and staff. Provost Cantor has championed Michigan's libraries, museums, and natural areas – the rich resources she calls public goods – and has expanded international opportunities for students and faculty.

Provost Cantor, professor of psychology, senior research scientist, and former dean of the Horace H. Rackham School of Graduate Studies, is widely

known for her outstanding work as a social psychologist both at the University of Michigan and at Princeton University, where she previously taught and served as chair of the psychology department. She has been a superb spokesperson on behalf of higher education, leading national policy discussions on such important topics as affirmative action, gender equity, and graduate education. She is a member of the Institute of Medicine of the National Academy of Sciences, a fellow of the American Academy of Arts and Sciences, vice chair of the Board of Directors of the American Association for Higher Education, and a member of many boards and professional associations.

With deep admiration and appreciation, the Regents congratulate and extend best wishes to Provost Nancy Cantor as she leaves to become chancellor of the University of Illinois at Urbana-Champaign.

A standing ovation followed. Provost Cantor thanked the Regents and observed that “this place is and will always be for me the greatest university there can be.” She noted that “there’s nothing like the intellectual grandeur and scale, collaboration, intensity, energy, and honesty” found at Michigan. She recognized the extraordinary efforts of the provost’s office staff throughout her tenure.

Recommended Promotions to the Ranks of Professor and Associate Professor, 2001-2002

Provost Cantor reviewed the promotion process, noting the multiple reviews that occur for each proposed promotion. She commented on the “incredible breadth” and excellence of the faculty and as examples, highlighted the accomplishments of four faculty members for whom promotion was being recommended: James Bardwell, assistant professor of biology; Linda Gregerson, associate professor of English; Clark Nguyen, assistant professor of electrical engineering and computer science; and Edward West, associate professor of art.

As examples of the cadre of promotions from the Medical School, Executive Vice President Omenn highlighted the work of Lori Isom, assistant professor of pharmacology; Susan Goold, assistant professor of internal medicine; and Joseph Metzger, associate professor of physiology and associate professor of internal medicine.

President Bollinger noted that the annual faculty promotions decision is one of the most important decisions administrators and Regents are called upon to make.

On a motion by Regent McGowan, seconded by Regent Maynard, the Regents unanimously approved the recommended promotions to the ranks of professor and associate professor for 2001-2002.

Report of the Committee on the Economic Status of the Faculty, Ann Arbor Campus

President Bollinger called on Professor Varsha Mehta, chair of the Committee on the Economic Status of the Faculty. Professor Mehta highlighted the issues that the committee focused on during the past year: Faculty compensation; health care benefits, with special attention to prescription drug coverage; tuition savings programs; salary equity analysis; governance rights for non-tenure track faculty; and faculty recruitment and retention.

Report of the Committee on the Economic Status of the Faculty, Flint Campus

Professor Steve Myers, chair of the Committee on the Economic Status of the Faculty on the Flint Campus, reported on that committee's findings for 2000-2001. Major issues include salaries that are below the average of state peers; real salary loss of 2.34% (adjusted for inflation) since 1992; and severe salary compression at the assistant and associate professor levels.

The meeting then continued with consideration of the Consent Agenda.

Consent Agenda

Minutes. Vice President Tedesco submitted the minutes of the meeting of April 12, 2001.

Reports. Executive Vice President Kasdin submitted Reports on Investment, Plant Extension, Human Resources and Affirmative Action, and the Regents Report on Noncompetitive Purchases over \$5,000 from Single Sources, December 14, 2000 to March 31, 2001. He observed that the fiscal year returns on investments are expected to be down significantly from last year's returns.

Vice President Krislov submitted the Litigation Report.

Vice President Ulaby submitted Reports of Projects Established for April and May 2001. He also reported on the implementation of the Regents' Policy on Research Grants, Contracts, and Agreements, FY00.

University of Michigan Health System. Executive Vice President Omenn displayed an award that the Health System had received for being named 2001 Recycler of the Year in the State of Michigan, and presented data on the amounts of various types of materials that had been recycled. He noted that environmental noise levels would be given consideration in new building construction.

Executive Vice President Omenn also noted that the Health System budget remains on track and very close to its target operating margin, in part due to increasing productivity, cost-savings, clinical redesign, and expansion of services to increase the coverage for fixed costs.

Student Affairs. Vice President Harper introduced two family housing residents who are members of the residents' council, Mr. Brian Jensen and Mr. John Sprague. They presented a certificate of appreciation to Provost Cantor to recognize her efforts on behalf of student families and the family housing community, including expanded daycare opportunities and establishment of the Family Housing Resource Center.

UM-Dearborn. Chancellor Little commented on the six promotion recommendations for the Dearborn campus, noting that the process for their promotions is as rigorous as that for the Ann Arbor campus. He also reported on the opening celebration for the Environmental Interpretive Center, which attracted 800 guests from the University and the community. He noted that move-in has occurred for the recently completed CASL Building, and that this building is a splendid addition to the campus. He also highlighted the reappointment of Provost Robert Simpson and reported on an interdisciplinary group of faculty who are working together to establish a new curriculum, “Science and Technology Studies of the Automobile.”

UM-Flint. Regarding the report of the Committee on the Economic Status of the Faculty, Chancellor Mestas said that he was grateful to the committee for their analysis of the data and the integrity with which they handled it. He noted that the faculty deserve higher compensation. With respect to the promotion recommendations, he observed that these faculty all fulfill the broadest range of faculty roles, serving as excellent researchers, excellent teachers, and outstanding members of the campus community.

Chancellor Mestas concluded by expressing to Provost Nancy Cantor his own gratitude and that of the Flint campus for her service, noting the passion she displays about issues that are important to her.

Michigan Student Assembly. The Regents received the monthly report from Michigan Student Assembly.

Voluntary Support. Vice President Feagin submitted the Report of Voluntary Support for March 31, 2001. She also highlighted the appointment of Frederick M. Van Sickle as assistant dean for development and external relations, College of LSA, and associate vice president for development.

Personnel Actions/Personnel Reports. Provost Cantor submitted Personnel Actions and Personnel Reports. She highlighted the appointments of Rosina Bierbaum as dean of the School of Natural Resources and Environment and Robert Dolan as dean of the School of Business Administration.

Retirement Memoirs. Vice President Tedesco submitted for adoption 33 retirement memoirs.

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 Horning, seconded by Regent McGowan, the Regents unanimously approved the Consent Agenda.

Lease Agreement with Allen & Kwan Commercial

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved a lease agreement with Allen & Kwan Commercial for property located at 1250 N. Main Street in Ann Arbor. Regent Deitch was not present when the vote was taken. Because Peter T. Allen is both co-owner of Allen & Kwan 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. The parties to the contract are the Regents of the University of Michigan and its School of Art and Design and Allen & Kwan Commercial.
2. The service to be provided is the lease of studio space at 1250 N. Main Street for 60 months, beginning May 15, 2001, at a monthly rate of \$14,000.00.
3. The pecuniary interest arises from the fact that Peter T. Allen, a University of Michigan employee, is the co-owner of Allen & Kwan Commercial.

Purchasing Contract with Praja, Inc.

On a motion by Regent McGowan, seconded by Regent Horning, the Regents unanimously approved a purchasing contract with Praja, Inc. to provide software and development for a pilot initiative known as Business Revolution Space. Regent Deitch was not present when the vote was taken. Because C.K. Prahalad is both a University of Michigan employee and chairman of Praja, Inc., this 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 contract are the Regents of the University of Michigan and its School of Business Administration and Praja, Incorporated.
2. The service to be provided is the development of an instructional/conferencing software application for an amount not to exceed \$300,000.
3. The pecuniary interest arises from the fact that C.K. Prahalad, a University of Michigan employee, is the chairman of Praja, Inc.

Purchasing Contract with Emagware Corporation

On a motion by Regent Taylor, seconded by Regent Brandon, the Regents unanimously approved a purchasing contract with Emagware Corporation for purchase of its software, “emPicasso.” Because Linda Katehi and Kamal Sarabandi are both University of Michigan employees and stockholders and part owners in Emagware Corporation, this 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 contract are the Regents of the University of Michigan through its Media Union and Emagware Corporation.
2. The service provided is software with maintenance and technical support, to be provided for the period beginning May 1, 2001 and ending April 30, 2002, in the amount of \$10,000.00.
3. The pecuniary interest arises from the fact that Linda Katehi and Kamal Sarabandi, University of Michigan employees, are stockholders and part owners in Emagware Corporation.

Agreement between the University of Michigan and MCE Optoelectronics

On a motion by Regent Taylor, seconded by Regent Horning, the Regents unanimously approved an agreement with MCE Optoelectronics involving use of the UM Solid State Electronics Laboratory by MCE employees. Because Pallab Bhattacharya and Dimitris Pavlidis are both University of Michigan employees and members of the board of MCE Optoelectronics, and George Haddad is a stockholder in MCE Companies Inc. (of which MCE Optoelectronics is a wholly-owned subsidiary), 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 MCE Optoelectronics Inc.
2. The terms of the proposed agreement are acceptable and conform to University policy. The amount of the award to the University is \$300,000. The period of use is three years.
3. Professors Bhattacharya, Pavlidis, and Haddad have no pecuniary interest in the proposed agreement.

License Agreement between the University of Michigan and Rebus Inc.

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved a license agreement between the University of Michigan and Rebus Inc. for the technology, “The Ounce of Prevention Scale.” Because Samuel Meisels is both a University of Michigan employee and an owner of Rebus Inc., 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 Rebus Inc., a company owned by Samuel Meisels.
2. Contract terms include:

Exclusive right to create derivative works, market, distribute and otherwise commercialize the Scale as it exists at the time the agreement is executed.

The University retains the right to grant rights to sponsors as required by existing

contracts.

The University retains ownership of the Scale and the rights to create derivative works and to use, reproduce, publicly display it for the University's own internal use.

The licensee will need to request an amendment that must be reviewed for conflict of interest if it wishes to have rights to any further work done on the Scale at the University. This amendment may involve an increase in royalties for the additional enhancements.

Royalties are a license fee of \$1,000 due within 30 days and each year thereafter, plus 20% on gross sublicensing revenue.

Milestones include having a product available and offered for sale by June 3, 2003 and at least one sale made by June 30, 2004. The University has the option of terminating the agreement if milestones are not met.

Rebus must maintain product liability coverage and comply with the standard terms the University requires to manage the liability associated with commercialization.

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

3. The pecuniary interest of Samuel Meisels arises from his ownership in Rebus Inc.

License Option Agreement between the University of Michigan and OncoImmune Ltd.

On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved a license option agreement with OncoImmune Ltd. to develop and commercialize the technology, "Ras Mutants Control Oncogenic Transformation." Because Dr. Kun-Liang Guan is both a University of Michigan employee and owner of OncoImmune Ltd., 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 Regents of the University of Michigan and OncoImmune Ltd.
2. Contract terms:

The contract to be completed between the University of Michigan and OncoImmune Ltd. consists of a license option agreement to be executed by authorized representatives of the parties.

The license option grants to OncoImmune Ltd., for TMO File #17669: an option for an exclusive, worldwide license, including the right to sublicense, to make, have made, import, use, market, offer for sale and sell, products incorporating the technology.

Should the option be exercised by OncoImmune Ltd., any license negotiated by the Parties will include at least the following:

- ◆ The University will receive reimbursement for all patent costs.
- ◆ The University will receive payment of a running royalty.
- ◆ The University will receive milestone payments, or other consideration if appropriate.
- ◆ The University will receive an equity position in the company.
- ◆ OncoImmune will assume diligence requirements for commercializing the Michigan Intellectual Property.
- ◆ OncoImmune will agree to indemnification and other reasonable and customary terms in a license agreement, all in conformity with University policy.

The term of this license option agreement is for one year and is renewable for an additional year, should OncoImmune meet certain guidelines.

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

3. Dr. Kun-Liang Guan's pecuniary interest arises from his ownership in OncoImmune Ltd. He has waived any personal participation in the sharing of royalties received by the University from the company.

Proposed License Agreement between the University of Michigan and Integrated Sensing Systems (ISSYS) Inc.

On a motion by Regent Brandon, seconded by Regent Taylor, the Regents unanimously approved a license agreement between the University of Michigan and Integrated Sensing Systems (ISSYS) Inc. for commercialization of the invention known as "Monolithic Fully-integrated Vacuum Sealed BiCMOS Pressure Sensor." Because Kensall D. Wise and Khalil Najafi are both University of Michigan employees and holders of equity interests in ISSYS, this agreement falls under the State of Michigan Conflict of Interest Contract. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and ISSYS, a company in which Professors Wise and Najafi hold equity interests.

2. Contract terms include:

A license issue fee of \$6,500.00.

Royalties to the University of 4% on net sales revenue.

Royalties of 25% on sublicense revenue.

Non-exclusive right to practice and commercialize the technology. The University retains ownership.

Minimum annual royalties of \$1000.00 for 2005; and \$2,000.00 for 2006 and each year thereafter during the term of the agreement.

Term of the agreement is for the life of the patent.

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

3. The pecuniary interest of Kensall Wise and Khalil Najafi arises from their ownership interest in ISSYS. Under the provisions of the Regents' Policy on Intellectual Property they waive any personal participation in the sharing of royalties received by the University from the company.

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

On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved a license agreement between the University of Michigan and TheraSonics, Inc. ("TheraSonics") to practice and commercialize 11 inventions identified as File Nos. 558, 559, 576, 1103, 1218/1326, 1251, 1266, 1328, 1329, 1336, and 1576. Because Charles A. Cain, Matthew O'Donnell, and S. Adam Strickberger are all University of Michigan employees who also hold equity interests in TheraSonics, 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 TheraSonics.
2. Contract Terms include:

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

License fee: A license issue fee of \$120,000 will be applied to reimburse patent expenses and/or applied against royalties.

Royalties: Royalties to the University of 3.5% of net sales of products sold by TheraSonics. Royalties to the University of 25% of total of gross sublicensing revenues received by TheraSonics.

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

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

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

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

3. Drs. Cain, O'Donnell, and Strickberger's pecuniary interests arise from their respective ownership interests in TheraSonics. They have waived any personal participation in the sharing of royalties received by the University from the company.

Research Agreement between the University of Michigan and the Waterford Project

On a motion by Regent Taylor, seconded by Regent Horning, the Regents unanimously approved a research agreement between the University of Michigan and the Waterford Project, a non-profit cooperative venture of five-organizations, including the University of Michigan, whose purpose is to raise funds to support the research of the member organizations. Because Gary M. Olson is both a University of Michigan employee and member of the executive committee of the Waterford Project, and the executive committee awards and disburses funds for use by member organizations, 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 the Waterford Project.
2. The terms of the agreement are acceptable and conform to University policy. The amount of the award to the University is \$182,950. The period of performance is January 1, 2001 to December 31, 2001.
3. Dr. Gary Olson has no pecuniary interest in the agreement.

Research Subcontract Agreement between the University of Michigan and Community Economic Development and Information Technology (CEDit) Inc.

On a motion by Regent Maynard, seconded by Regent Horning, the Regents unanimously approved (with one abstention) a research subcontract agreement between the University of Michigan and Community Economic Development and Information Technology (CEDit) Inc. involving a grant from the Michigan Economic Development Corporation (MEDC) to the University that includes a subcontract to CEDit. Regent Brandon recused himself from participating in this action due to a perceived conflict of interest. Because Kenneth R. Brown is both a University of Michigan employee and president of CEDit, 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 CEDit.
2. Terms of the proposed agreement are acceptable and conform to University policy. The amount of the total MEDC award to UM is \$115,060 from November 1, 2000 to October 31, 2001. The amount of the subcontract to CEDit is \$15,000.
3. Kenneth R. Brown's pecuniary interest arises from his status as president of CEDit.

Subcontract Agreement between the University of Michigan and Veridian ERIM International Inc.

On a motion by Maynard, seconded by Regent Brandon, the Regents unanimously approved a subcontract agreement involving collaboration with Dr. David T. Walker at Veridian ERIM International Inc., pursuant to a grant received by the University from the Defense Advanced Research Projects Agency (DARPA). Because Dr. Walker is an employee of Veridian and also has a faculty appointment at the University of Michigan (without salary or teaching responsibilities), 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 Veridian ERIM International Inc.
2. Agreement terms: Under the project a subcontract of approximately \$869,227 is anticipated to cover the period March 30, 2001 through June 27, 2005. The University's standard subcontract provisions will apply. Dr. Walker has played no role in the negotiation of this contract.
3. Dr. Walker has no pecuniary interest in this contract, other than his status as an employee of Veridian ERIM International Inc.

Subcontract Agreement between the University of Michigan and Veridian ERIM International Inc.

On a motion by Regent Brandon, seconded by Regent Horning, the Regents unanimously approved a subcontract with Veridian ERIM International Inc. pursuant to a grant received by Veridian ERIM International Inc. from the Defense Advanced Research Projects Agency. Because Dr. David T. Walker is both an employee of Veridian and also has a faculty appointment at the University of Michigan (without salary or teaching responsibilities), 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 Veridian ERIM International Inc.
2. Terms of the agreement: Veridian will issue a subcontract to the University of Michigan in the amount of \$786,804 for a period of fifty-one (51) months. The terms of the proposed Veridian subcontract are acceptable and conform to University policy. Dr. Walker has played no role in the negotiation of this contract.
3. Dr. Walker has no pecuniary interest in this contract, other than his status as an employee of Veridian ERIM International Inc.

Subcontract Agreement between the University of Michigan and NOAA/Great Lakes Environmental Research Laboratory

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved an agreement between the University of Michigan and NOAA/Great Lakes Environmental Research Laboratory, involving collaboration with and support for Dr. Gary L. Fahnenstiel's activities at NOAA/Great Lakes Environmental Research Laboratory. Because Dr.

Fahnenstiel is also an adjunct professor 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 NOAA/Great Lakes Environmental Research Laboratory.
2. Agreement terms: Under the project, a total subcontract of approximately \$94,500 is anticipated to cover the period of February 15, 2001 through January 30, 2004. The terms of the proposed Agreement are acceptable and conform to University policy.
3. Dr. Fahnenstiel's appointment at the University of Michigan runs through August 31, 2001 and is without compensation.

Motion to Meet in Nonformal Session

Regent Horning moved that this formal session of the Regents be adjourned and a non-formal session begun, for the purposes of consulting with the board's attorney regarding trial or settlement strategy in connection with specific pending litigation. Regent Maynard seconded the motion, and it was approved unanimously.

The meeting continued in nonformal session from 3:20 p.m. until 4:05 p.m., at which time it recessed to hear Public Comments.

Public Comments

The Regents heard comments from the following individuals, all on the subject of the Gordon Hall Historic District: Nancy Snyder, chair of Washtenaw County Historic District Commission; Gil Campbell, president of the Dexter Area Historical Society; Paul Bishop, chair of the Finance Committee of the Dexter Area Historical Society; and Paul Cousins, member of the Dexter Area Historical Society.

Following Public Comments, the meeting continued in nonformal session until 6:00 p.m.

Friday, June 22, 2001

The Regents convened at 1:45 p.m. in the Regents' Room. Present were President Bollinger and Regents Brandon, Deitch, Maynard, McGowan, and Newman. Also present were Provost Cantor, Vice President Feagin, Vice President Harper, Executive Vice President Kasdin, Vice President and General Counsel Krislov, Chancellor Little, Chancellor Mestas, Executive Vice President Omenn, Vice President Rudgers, Vice President and Secretary Tedesco, and Vice President Wilbanks. Regents Horning, Taylor, and White and Vice President Ulaby were absent.

President Bollinger called the meeting to order and announced that a presentation on the preservation and renewal of Hill Auditorium would constitute the first order of business. For maximum efficiency, he proposed handling the 26 remaining Finance-Property items with a single motion, then opening them up for discussion, and include all items in one vote following the discussion.

Hill Auditorium Renewal Project

President Bollinger observed that few buildings on campus serve as many functions as Hill Auditorium or hold as many memories for alumni and community members, and it is also of great architectural significance. It has been known for many years that this building is in strong need of restoration, and noted that fundraising for support of these efforts has only been somewhat successful. Nevertheless, it was clear that in the name of good stewardship, the building could not be allowed to deteriorate any further. To that end, discussions have been held with a number of entities with an interest in Hill Auditorium, including the University Musical Society (UMS), the School of Music, and others. He called on Executive Vice President Kasdin.

Executive Vice President Kasdin observed that the majority of funds spent on capital projects is for renovation and maintenance of existing buildings, rather than new construction.

The Hill Auditorium renewal project, along with the restoration of the Horace H. Rackham School of Graduate Studies Building, will be the most visible of these renovation and maintenance projects. Although schematic designs for internal renovations are generally not presented to the Board, given the importance of Hill Auditorium to the cultural life of Southeast Michigan, the decision was made to present detailed descriptions of the planned renovation prior to proceeding.

The renovation will involve two major themes: the stewardship responsibility (upgrades of the electrical, plumbing, and air-handling systems and installation of air-conditioning); and enhancing the audience experience through additional bathrooms, restoration of the interior, including seating, addition of acoustic sound locks, and other renovations if additional funds can be raised by November 2001. The backstage area and other unmet needs will be addressed sometime in the future as funds become available.

Executive Vice President Kasdin introduced Mr. Michael Quinn, of Quinn Evans Architects. Mr. Quinn noted that he has been working on this project with the University, UMS, the School of Music, and others, for a number of years, and gave a detailed presentation describing the proposed Hill Auditorium Renewal Project. He noted that the project has an estimated budget of \$33.6 million.

Mr. Quinn noted that the project focuses on restoration and preservation, both on the interior and exterior, and includes upgrading and replacement of major electrical, mechanical, and plumbing systems; improvements to life safety features; and addresses requirements of the Americans with Disabilities Act. He displayed schematic drawings and site plan illustrations, and pointed out all of the interior and exterior features that will be included in the project. These

include an 1800 square foot addition to improve access for disabled patrons and to provide backstage truck loading and unloading improvements.

The project includes interior restoration of the architectural finishes and recreation of the historical lighting in the auditorium and lobby areas. To provide a performing arts venue that meets today's standards of audience comfort and overall theatre-going experience, all of the auditorium seating in the orchestra level will be replaced and the auditorium's overall capacity will be reduced from 4,170 to 3,650. The orchestra-level and first balcony level lobbies will be given sound and light locks, additional bathrooms will be provided, and a number of improvements will be made to address convenience and accessibility issues for disabled patrons. An elevator will be added that will span all building levels. Improvements to the balcony lobby area will allow it to be used a pre- and post-function and reception space. In the second-level balcony, some seating will be removed for life safety considerations, but no seating will be replaced.

Mr. Quinn noted that a totally new basement/mechanical space would be constructed that will house new heating, air conditioning, and air handling systems. Consultants are being employed to guide plans for these systems to ensure that they will meet state-of-the-art concert hall acoustic standards. With construction of the new basement, the current basement, under the lobby area, will be come vacant. If additional funds become available, this area will be made into a new lower lobby space that would include concessions and two major restroom facilities. Approximately \$2-3 million would be required to complete this portion of the project.

Other items not in the \$33.6 million budget but that could be added if funds become available are a second elevator; renovation of the seating at the balcony and/or gallery levels;

improvement and expansion of the upper lobby at the gallery level and renovation of the toilets at that level.

Mr. Quinn noted that the planning team, which includes representation from the University Musical Society and the School of Music, has determined that the project should be underway by May 11, 2002 and the building reopened by November 2003.

Executive Vice President Kasdin observed that informational meetings with the architects and others involved in the project will be held both with donors and members of the community in the coming months. A website has also been created both to provide information and to request feedback from individuals. He noted also that UMS and the School of Music are cooperating with project planners to minimize the dislocation that will occur during the 18-month period when Hill Auditorium will be closed for renovation, and pointed out that Rackham Auditorium will have opened by the time Hill Auditorium is closed.

President Bollinger observed that a huge amount of effort on the part of many individuals and organization, going back a number of years, has gone into getting this project to its current state. He introduced Karen Wolff, dean of the School of Music.

Dean Wolff commented that Hill Auditorium is to musicians as a laboratory is to scientists; many alumni recall giving their senior recital there as a signal event in their lives. It is one of the most significant halls between the two coasts, and School of Music faculty are thrilled about the pending renovation. She said School of Music staff has been working since last fall to find alternative venues for about 40 events that will need to rescheduled. She noted that the school is prepared to make whatever sacrifices will be required to enable the renovation to take place.

President Bollinger introduced Beverly Geltner, chair of the University Musical Society, noting that she has been a key partner in planning the renovation project. Dr. Geltner expressed gratitude to the University on behalf of UMS for its commitment to this project, noting that Hill Auditorium is “the jewel that has brought great renown and esteem to the University Musical Society and the University of Michigan by the greatest performers in the world.” Although UMS had initially hoped that the entire array of needed upgrades to the facility could be addressed in this initial phase, the society understands why the depth and cost of the required “stewardship” improvements will limit the other needs that can be addressed at this time. She expressed a commitment on the part of UMS to join the University in communicating the importance of this effort to the community and the larger artistic world. The society is also working with Vice President Feagin and her staff to try to raise the additional \$2 million necessary to undertake the lobby renovation at this time. She thanked UMS staff for their devotion to addressing the needs and concerns of artists for the renovation and their efforts in scheduling of events at alternate venues during the renovation period.

It was noted that approval will be sought in late autumn for issuing the project for bids and a budget will be provided at that time. There being no further discussion, Regent McGowan moved approval of the design of the Hill Auditorium Renewal Project as presented at the meeting. Regent Maynard seconded the motion and it was approved unanimously.

President Bollinger noted that there were 25 additional agenda items to be addressed in the Finance-Property section and suggested that these be considered with one motion. Regent Brandon moved adoption of items #1-4 and 6-26 in the Finance-Property section. Regent Maynard seconded the motion.

Regent Maynard asked for an explanation of the cost of the “Medical School Temporary Animal Facilities and Demolition of the Neuroscience Building.” Executive Vice President Kasdin noted that the \$4.7 million covers both demolition of a building and the purchase and relocation of animal facilities. He explained that this demolition might involve certain expenses that don’t normally occur in such a project. Additionally, the purchase and relocation of the animal facilities will incur extra utility costs, due to the necessity for it to be located in a remote location. The cost includes demolition, site work, and the modular structures.

The vote was then taken and the motion to approve the remaining Finance-Property items was approved unanimously. The following items were addressed:

Six Month Report on University Audits

The Regents received the Six Month Report on University Audits for the period October 1, 2000 through March 30, 2001.

Sales of Gifted Real Estate

The Regents were informed of the sale of three gifted real estate properties in April 2001: 100 acres in Salem Township from the estate of Norman J. Dahn; 3,423 acres in Chippewa County gifted by B & M Development Company; and a condominium at 33841 Manta Court, Dana Point, California, from the estate of Julia Ann Goodman.

Alternative Asset Commitment

The Regents were informed of the commitment of \$50.0 million from the long Term Portfolio to Brookdale Investors Four, L.P., a follow-on real estate fund.

Alternative Asset Commitments

The Regents were informed of the commitment of \$50.0 million from the Long Term Portfolio to the two follow-on funds of previously approved alternative asset partnerships of Matrix Partners VII, L.P. (\$35.0 million) and Advent Global Private Equity IV, L.P. (\$15.0 million).

Alternative Asset Commitments

The Regents approved commitment of \$20 million from the Long Term Portfolio to Shorenstein Realty Investors Six, L.P.

Specifically Invested Funds

The Regents approved authorizing the executive vice president and chief financial officer to approve direct investments in the Vanguard or Dreyfus family of mutual funds. The executive vice president and chief financial officer has been authorized to manage the University's charitable remainder trusts and a portion of the charitable gift annuities in this manner, utilizing the Dreyfus (or MPAM) Family of Funds.

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

The Regents approved an increase of up to \$11.7 million, to \$104.2 million, in the amount outstanding under the commercial paper supported by a pledge of General Revenues.

Authorization for Expenditures in the 2001-2002 Fiscal Year for the University of Michigan Health System

The Regents approved temporary expenditure authorization for the University of Michigan Health System for the 2001-2002 fiscal year beginning July 1, 2001.

Authorization for Expenditures in the 2001-2002 Fiscal Year for University Operations

The Regents approved temporary expenditure authorization for University operations for the 2001-2002 Fiscal Year beginning July 1, 2001.

Expenditure of the Julian A. Wolfson and the Marguerite Wolfson Endowment Funds for the Fiscal Year 2001-2002

The Regents approved the uses of the income of the Wolfson Endowment Funds for the fiscal year 2001-2002, as outlined in the Regents Communication.

Ann Arbor Tech Park-3.11 Acres

The Regents approved the sale of a 3.11-acre strip of land located in the Ann Arbor Tech Park to W. Paul Tippet, as described in the Regents Communication.

Modern Language Building, Hill Auditorium, Burton Tower Chiller and Electrical Substation Upgrade

The Regents approved the Modern Language Building, Hill Auditorium, Burton Tower Chiller and Electrical Upgrade Project as described in the Regents Communication, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Madison Building - Plant Building Services Department Relocation

The Regents approved a project to renovate the Madison Building for the relocation of the Building Services Department as described in the Regents Communication, and authorized issuing the project for bids and awarding a construction contract providing that bids are within the approved budget.

Medical School Biomedical Science Research Building Chiller Plant

The Regents approved construction of a chilled water plant to provide conditioned air for the Biomedical Science Research Building, at an additional cost of approximately \$13.5 million, as described in the Regents Communication.

Palmer Drive Development: Elevated Pedestrian Walkways and Lighting for Palmer Drive

The Regents approved a project for construction of an elevated concrete walkway and lighting on top of the planned Palmer Drive parking structure connecting the planned pedestrian bridge over Washtenaw Avenue with the sidewalk leading to North University Street, as described in the Regents Communication. They also approved issuing the project for bids and awarding a construction contract providing that bids are within the approved budget.

North University Building Demolition Phase II

The Regents approved proceeding with the North University Demolition Phase II project as described in the Regents Communication, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Grounds Services Building

The Regents approved the Grounds Services Building project as described, and authorized issuing the project for bids and awarding a construction contract providing that bids are within the approved project budget.

University of Michigan Herbarium Relocation

The Regents approved the University of Michigan Herbarium Relocation Project as described in the Regents Communication, and authorized issuing the project for bids and awarding a construction contract providing that bids are within the approved budget.

Kresge Business Administration Library Financial Analysis and Trading Facility Classroom

The Regents approved the Kresge Business Administration Library Financial Analysis and Trading Facility Classroom Project as described in the Regents Communication.

Naming of the New Women's Gymnastics Facility

The Regents approved the naming of the new women's gymnastics facility as the Donald R. Shepherd Women's Gymnastic Center.

Medical Science II Building Renovation of Laboratories 5723-5791

The Regents approved renovation of Laboratories 5723-5791 in the Medical Science II Building as described in the Regents Communication, and authorized issuing the project for bids and awarding a construction contract providing that bids are within the approved budget.

Medical School Temporary Animal Facilities and Demolition of the Neuroscience Building

The Regents approved the Medical School Temporary Animal Facilities and the Neuroscience Building Demolition Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Washtenaw Community Health Organization

The Regents approved reappointment of Mr. Michael Dabbs and Ms. Donna Roth to the board of directors of the Washtenaw Community Health Organization.

University of Michigan-Dearborn Science Building Renovation and Addition: Phase One of Science and Engineering Expansion and Renovation Project

The Regents approved the University of Michigan-Dearborn Science Building Renovation and Addition Phase One of the Science and Engineering Expansion and Renovation Project as described and authorized commissioning The Stubbins Associates, Inc. for the project's design.

University of Michigan-Dearborn Engineering Laboratory Building Expansion and Renovation: Phase Two of the Science and Engineering Expansion and Renovation Project

The Regents approved the University of Michigan-Dearborn Engineering Laboratory Building Expansion and Renovation: Phase Two of the Science and Engineering Expansion and Renovation Project as described in the Regents Communication and authorized commissioning Lord, Aeck & Sargent for design of the project.

Revisions to Regents' Bylaws 5.01 ("Definitions") and 5.23 ("Clinical Instructional Staff")

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved changes in Regents' Bylaws 5.01 and 5.23 to change the title of "Clinical I Instruction Staff" to "Adjunct Clinical Instructional Staff" and "Clinical II Instructional Staff" to "Clinical Instructional Staff." The revised bylaws follow:

Sec. 5.01. Definitions

As used in these bylaws:

- 1. The term faculty shall include members of the teaching and research staff together with the executive officers, the directors of various teaching, research, and library units, research associates, curators, and persons with similar duties.*
- 2. The term professorial staff shall include professors, associate professors, and assistant professors.*
- 3. The term governing faculty, when used in connection with a school or college, shall include those members of the school or college who are professors, associate professors, and assistant professors. The governing faculty shall include instructors and lecturers who hold appointments of one-half time or more; provided, however, that such instructors and lecturers may vote at faculty meetings only if they have held appointments for one or more years and are authorized to vote by a majority of the professorial staff of the appropriate school or college. The governing faculty may include clinical professors, clinical associate*

professors, clinical assistant professors, research scientists, associate research scientists, assistant research scientists, research investigators, senior research scientists, and senior associate research scientists when authorized by, and in accordance with, the policies and bylaws of the appropriate school or college.

4. *The term teaching staff shall include professors, associate professors, assistant professors, instructors, lecturers, and teaching fellows.*
5. *The terms teaching fellow, teaching associate, teaching assistant, student assistant, research assistant, technical assistant, laboratory assistant, and assistant shall be used to designate junior appointees who participate in the processes of teaching and research but do not possess faculty rank. Students in these classifications shall have student status.*
6. *The term university year, as used in connection with appointments of members of the faculty and other personnel, contains any two terms in the calendar, as defined for the year in question. Faculty members are expected to participate in orientation, registration, and commencement.*

Sec. 5.23. Clinical Instructional Staff

1. *Adjunct Clinical Instructional Staff. Any academic unit may appoint professional practitioners in the community or within the University at appointment fractions below 50 percent as adjunct clinical professors, adjunct clinical associate professors, adjunct clinical assistant professors, adjunct clinical instructors, or adjunct clinical lecturers to support the instructional program.*

Appointments as adjunct clinical instructional staff are on an annual or shorter basis and are without tenure. Appointment and/or promotion criteria shall be consistent with those for regular instructional staff to the extent applicable.

Adjunct clinical appointments and reappointments are recommended by the appropriate instructional unit and school, college, or division and are approved by the chancellor (Flint or Dearborn) and president.

2. *Clinical Instructional Staff. An academic unit may be authorized to appoint clinical instructional staff to support its instructional program only if a policy authorizing such appointments has been adopted by the school, college, or division in accordance with the bylaws of that unit and has been approved by the appropriate provost, chancellor (Flint or Dearborn), president, and Board of Regents.*

Clinical appointments are at appointment fractions of 50 percent or greater and are without tenure. The following titles may be used for clinical appointments: clinical professor, clinical associate professor, clinical assistant professor, or clinical instructor.

Appointments to the clinical track are for a fixed term, cannot exceed seven years in duration, and may be renewed. Appointment and promotion criteria shall be consistent with those for the regular instructional staff to the extent applicable. Further definition of the rights and responsibilities of clinical faculty, not inconsistent with the bylaws of the Board of Regents, may be addressed by the bylaws of the academic units.

Clinical appointments, reappointments, and promotions are recommended by the appropriate instructional unit and school, college, or division and are approved by the appropriate provost, chancellor (Flint or Dearborn), and president.

The vice president and secretary of the university shall maintain a list of those schools, colleges, and divisions that are authorized to make appointments to the clinical instructional staff.

Approval of Academic Calendar for 2003-2004

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents approved the academic calendar for 2003-2004 for the Ann Arbor campus, as described in the Regents Communication.

New Degree Program for the University of Michigan-Dearborn College of Arts, Sciences, and Letters (“Bachelor of Arts in Criminal Justice Studies”)

On a motion by Regent Maynard, seconded by Regent Newman, the Regents approved a new undergraduate degree program, “Bachelor of Arts in Criminal Justice Studies,” to be offered by the College of Arts, Sciences, and Letters at the University of Michigan-Dearborn.

There being no further business, the meeting was adjourned at 10:30 a.m. The next meeting will take place July 19-20, 2001.