

JANUARY MEETING, 2004

*The University of Michigan
Ann Arbor
Thursday, January 15, 2004*

The Regents convened at 2:40 p.m. in the General Motors Conference Hall, Lurie Engineering Center. Present were President Coleman and Regents Brandon, Deitch, McGowan, Newman, Richner, Taylor, and White. Also present were Provost Courant, Vice President Harper, Executive Vice President Kelch, Vice President Krislov, Chancellor Little, Vice President May, Chancellor Mestas, Vice President Rudgers, Executive Vice President Slottow, Vice President and Secretary Tedesco, Vice President Ulaby, and Vice President Wilbanks. Regent Maynard was absent.

President Coleman called the meeting to order and thanked Dean Director and the College of Engineering for hosting the meeting. She announced that two agenda items would be considered prior to the start of Public Comments.

Venture Capital Investment

On a motion by Regent Brandon, seconded by Regent White, the Regents approved a commitment of up to \$50.0 million from the Long Term Portfolio to NQV Partners, L.P. Regent McGowan recused herself from voting due to a conflict of interest.

Agreement between the University of Michigan and Great Lakes Commission

On a motion by Regent McGowan, seconded by Regent White, the Regents approved an agreement between the University of Michigan and the Great Lakes Commission, involving the services of Jennifer Read as assistant director at a 20% time commitment. Jennifer Read is also a University of Michigan staff member who is married to the president and CEO of the Great Lakes

Commission, Michael Donahue. Mr. Donahue also holds a position as adjunct assistant professor in the School of Natural Resources. Therefore, 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 Great Lakes Commission.
2. The terms of the agreement are acceptable and conform to University policy. The amount of the agreement with the University is \$20,682. The period of performance is twelve months and is an extension of a prior agreement. Dr. Read will spend twenty percent of her time at the Great Lakes Commission. While at the Commission, Thomas Crane (or his designee) will have primary responsibility for overseeing Dr. Read's work; ultimate authority will be to the director of Michigan Sea Grant.
3. Dr. Read's pecuniary interest arises from her 20% employment at the Great Lakes Commission.

Regents White and Taylor left the meeting at this point. President Coleman announced that Public Comments would be the next order of business.

Public Comments

The Regents heard comments from the following people, on the topics indicated: Jim Mogensen, citizen, on the town-gown relationship; David Boyle, alumnus, on a number of topics; Audrey Jackson, alumna, on racial diversity in higher education; and Korbie Dannenberg, staff member, on her residency status.

Resolution in Honor of College of Engineering Sesquicentennial

President Coleman noted that the College of Engineering is launching its sesquicentennial celebration. She called on Regent Newman.

Regent Newman called Dean Stephen Director to the podium and read the following Regents' Resolution:

Regents' Resolution

One hundred and fifty years ago, the University of Michigan made the momentous decision to offer a program of instruction in engineering. The first class session was held on January 20, 1854.

With that single action our predecessors influenced the future profoundly – establishing the framework for an educational enterprise destined to improve the quality of life for each succeeding generation. Through their wisdom and devotion to the pursuit of knowledge, they opened the way for remarkable breakthroughs in engineering and in technologies that have fostered prosperity and advancement around the world.

Today, the University of Michigan College of Engineering occupies a position of preeminence among the finest schools. In the spheres of education, research, and service, its achievements are exemplary, its contributions vast, its influence global, and its prospects for the future endless. Men and women from all nations, on campus and as alumni, are enhancing lives every day.

The Regents congratulate the College of Engineering on its legacy of leadership and look forward to continued significant accomplishments during the next 150 years.

Dean Director thanked the Regents for participating in this historic occasion marking the 150th anniversary of the College of Engineering. He introduced a number of college stakeholders who were in attendance, and reviewed some of the accomplishments of the college's faculty, students, and alumni since its founding that had led to its preeminence among the world's colleges of engineering. He thanked the Regents on behalf of the College of Engineering.

Comments from President Coleman

President Coleman commented on the reopening celebration for Hill Auditorium that had occurred last week, noting that the event was well-attended and the renovation is spectacular. She congratulated Associate Vice President Hank Baier and everyone else who contributed to the project.

Regent Newman observed that credit should also be given to former president Lee Bollinger, who had promoted the idea of doing a total renovation of the auditorium and recognized its

importance to the community and the University. President Coleman agreed, noting that it had taken courage to promote the idea of a complete and total restoration in the face of limited resources.

President Coleman commented on activities surrounding the University's commemoration of the 50th anniversary of *Brown v Board of Education* and of the Martin Luther King, Jr., holiday.

President Coleman concluded by mentioning the death in December 2003 of vice president and secretary emeritus Richard L. Kennedy.

Committee Reports

Finance, Audit, and Investment Committee. Regent Brandon reported that the committee had met that morning. Topics discussed were the University of Michigan Health System, including review of the quarterly report of performance, and an update on the 10-year capital plan. The other topic covered was an update of the FY05 General Fund budget outlook, along with a review of FY04 progress to date. The committee received reports on internal audit activities and on plans for insuring adequate controls in clinical trials.

Compensation and Personnel Committee. There was no meeting of the Compensation and Personnel Committee this month.

Report on Research, Scholarship, and Creative Activity

Vice President Ulaby stated that his report would consist of two parts: a financial summary for FY2003, and examples of how the Office of the Vice President for Research (OVPR) facilitates new research on campus.

He noted that research expenditures over the past five years have increased by about 53%, with an increase of 14.3% (\$94 million) during the last fiscal year. The \$94 million additional expenditure impacts the economy by being responsible for more than 1,700 University and non-University jobs and more than \$7 million in state tax revenue.

Vice President Ulaby reported that 70.4% of the total research expenditures came from the federal government and 15.2% from University of Michigan funds, with the remainder being divided among industry, foundations, state and local governments, and other funding sources. Among the schools and colleges, 41.7% of external research expenditures were made by the Medical School, 18.3% by the College of Engineering, 12.3% by the Institute for Social Research, 7.5% by the College of Literature, Science, and the Arts, 5.7% by the School of Public Health, with the remainder divided among the OVPR units and all other units. Total research expenditures in FY2003 were \$637,404,821.

Vice President Ulaby displayed a chart illustrating that since 1997 total University of Michigan expenditures from federal sources have increased by approximately 50% per year over the total amount of available federal research and development funding. He cautioned that for FY2004, research funding at the University of Michigan is estimated to increase by only 4%-5%, compared to 15.9% for FY2003. This is due primarily to the fact that the federal budget for research support will be decreasing significantly in future years.

Vice President Ulaby then gave a presentation describing how the University's central administration facilitates new research. He described five different ways this is done, with examples of each. Among the methods by which research is facilitated are a) faculty-driven initiatives in which the OVPR assists faculty in developing expertise in emerging areas of research; b) identification of emerging critical research frontiers as defined by the federal government, which leads to the formal launching of University initiatives in a particular area (such as nanoscience research); c) partnering with industry to work on specific areas of interest nationally and on campus (e.g., "Hydrogen Fuel Research Roadmap"); d) connecting research to policy (education-driven) (e.g., development of the Science, Technology & Public Policy Program on campus); and

e) planning for the future (multi-institutional collaboration to establish a leadership niche in an emerging area of research).

Vice President Ulaby concluded that central administration plays many roles in fostering research and scholarship, in a cooperative and collegial manner.

The Regents then turned to the regular agenda.

Consent Agenda

Minutes. Vice President Tedesco submitted for approval the minutes of the meeting of December 18, 2003.

Reports. Executive Vice President Slottow submitted the Investment Report, Plant Extension Report, Human Resources and Affirmative Action Report, and the Regents Report on Non-Competitive Purchases over \$5,000 from Single Sources, September 16 through November 30, 2003.

Litigation Report. Vice President Krislov submitted the Litigation Report.

Research Report. Vice President Ulaby submitted the report of Projects Established, December 1 - December 31, 2003.

University of Michigan Health System. No report was submitted.

Division of Student Affairs. Vice President Harper acknowledged the efforts of Vice President Wilbanks and the University's Office of Services for Students with Disabilities in working with the state legislature on a bill that requires publishers to provide electronic versions of their textbooks for use by blind college students.

University of Michigan-Dearborn. Chancellor Little reported that he had been engaging in conversations with campus constituent groups about what the mission of the Dearborn campus

should be for the next ten years. An emerging theme is that the University of Michigan-Dearborn should be engaged in the many communities and constituencies it serves in Southeast Michigan.

He also reported that the campus has been working in partnership with New Detroit, Inc., to establish a “conversation on race” with young people. Finally, he noted that the campus has been involved in a number of activities in the area of health care delivery.

University of Michigan-Flint. There was no report from the Flint campus.

Michigan Student Assembly Report. Ms. Angela Galardi, president of Michigan Student Assembly, distributed the MSA “End of Semester Report.” Ms. Galardi commented that MSA has recognized that the William Monroe Trotter House is in dire need of renovation, and noted that it has established a new student task force to communicate the history of this building and describe why it should be renovated.

Voluntary Support. Vice President May reported that work is progressing with individual units across the University on formulating goals and objectives for the upcoming campaign. Efforts are also underway to develop the case statement for the campaign and to recruit leadership from across the country.

Personnel Actions/Personnel Reports. Provost Courant submitted a number of personnel actions and personnel reports. He called attention to the recommendation for the reappointment of Rebecca Blank as dean of the Gerald R. Ford School of Public Policy.

Retirement Memoirs. Vice President Tedesco submitted a memoir for one retiring faculty member.

Memorials. No deaths were reported to the Regents this month.

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

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

Alternative Asset Commitment

Executive Vice President Slottow reported that the University had made a commitment of \$20.0 million from the Long Term Portfolio to Beacon Capital Strategic Partners III, L.P., a follow-on real estate fund.

Appointment of Auditors for 2003-04

On a motion by Regent Newman, seconded by Regent McGowan, the Regents unanimously approved appointment of PricewaterhouseCoopers LLP as external auditors for the 2003-04 fiscal year.

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

Executive Vice President Slottow introduced Richard Green, CEO of Stubbins Associates, architect of record for this project.

Mr. Stubbins displayed campus photos and a site map to indicate how the building is situated on the campus. He reviewed floor plans for each floor of the building and displayed renderings of the exterior.

It was noted that this building is funded as a State of Michigan capital outlay project, with 75% of its cost coming from state funds, and 25% from the University of Michigan-Dearborn. Executive Vice President Slottow pointed out that the additions for the science and engineering buildings were funded and approved prior to acquisition of the Ford Training and Development Center, and the budgets for these buildings were adjusted to provide funding for the Ford Training

and Development Center. Chancellor Little commented that operating costs for the two buildings have already been included in budget planning.

On a motion by Regent Brandon, seconded by Regent Richner, the Regents unanimously approved the University of Michigan-Dearborn Science Building Addition Phase One of the Science and Engineering Expansion and Renovation Project as presented.

Intramural Sports Building

On a motion by Regent Deitch, seconded by Regent Newman, the Regents unanimously approved the Intramural Sports Building Second and Third Floor Fitness Area Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

There being no further business, the meeting was adjourned at 4:05 p.m. The next meeting will be held February 19, 2004.