

October Meeting, 1993

Enrollment growth has stabilized because of lack of funds for hiring more full-time faculty to teach more class sections.

The incremental budget request of 6.7 percent (\$2,250,000) over the 1993-94 appropriation includes, in order of priority, \$500,000 for facilities openings; a 3.7 percent inflationary increase for both salaries and operating expenses (\$1,250,000); and \$500,000 for various program initiatives.

UM-Dearborn. Following some discussion, President Duderstadt called on Chancellor Renick to present the 1994-95 UM-Dearborn budget request. Chancellor Renick stated that the funding situation at UM-Dearborn is similar to that of the other two campuses. The 1994-95 incremental budget request of \$1,684,000 reflects two priorities: an inflation component of 3.7 percent for maintenance of quality educational programming, and \$1,000,000 for the Center for Environmental Education.

On a motion by Regent Baker, seconded by Regent Brown, the Regents unanimously approved the 1994-95 state budget requests for all three campuses.

Consent Agenda

Minutes. Consideration of the minutes of the September 1993 meeting was deferred until the following month.

Reports. The following reports were submitted to the Regents: reports of investments, plant extension, litigation, personnel-labor relations, noncompetitive purchases over \$2,000 from single sources, projects established, and summaries of a selection of current research.

Executive Vice President Womack observed that treasury bond interest rates are currently at record-low levels and described the implications of that on the economy and the University's investment portfolio. He also reported that the University's equity managers have exceeded performance guidelines for one-year and three-year periods. He commented on the University's strategy for diversification of investments and the effects of the strategy on performance and volatility.

Executive Vice President Womack also announced that in the near future he would be presenting the Regents with a proposal designed to enhance investment returns of the investment pool through longer term investments of the core portion of the pool.

Investments in South Africa. Following some discussion of the investment report, Regent Power observed that negotiations toward racial power sharing now taking place in South Africa had led to a request by Mr. Nelson Mandela for an end to the economic boycott of South Africa, and that President Clinton had recently issued an executive order changing American policy. Regent Power stated that it may be time for the University of Michigan, prudently and deliberately, to consider its options with regard to its current investment policy of avoiding investing in corporations which do business in South Africa. He moved that the administration report back to the Board of Regents its recommendations as

to this policy and other policies directed toward investments in corporations conducting business activities in South Africa. Regent Varner seconded the motion.

Regent Baker observed that there was a state law prohibiting the University from changing its current investment policy in South Africa. Regent Power reported that legislation recently had been proposed in the state legislature to change the state's position on investing in South Africa and also pointed out that this was an autonomy issue that should be considered independent of the state's position on the issue.

Regent Baker commented that the University had prevailed in the Court of Appeals on the autonomy issue, and that although he thought the motion tended toward grandstanding, he was in favor of it.

The vote was then taken, and the motion was approved unanimously.

Consent Agenda, continued

Investment Report. Regent Baker asked for a report on the endowment which would disclose gifts and transfers as well as appreciation. The Regents complimented Executive Vice President Womack and his staff on their competent management of the University's endowment fund.

Voluntary Support. Vice President Cosovich presented the report of voluntary support.

ARCO Exploration & Production Technology, Plano, Texas for the Industrial Affiliates Program in Flow and Reaction in Porous Media in the College of Engineering	16,500
AT&T Foundation, New York, New York for fellowships in the College of Engineering and for employee matching gifts	25,925
Allied Signal Foundation, Morristown, New York for research and other support in the Schools of Medicine and Business Administration, the College of Engineering, and the Biophysics Research Division	26,000
American Cancer Society, Inc., Atlanta, Georgia for research in the Medical School, the College of Literature, Science, and the Arts, the College of Pharmacy, the Institute of Gerontology, and the Biophysics Research Division	173,488
American Foundation for AIDS Research, Los Angeles, California for research in the Medical School	19,517
American Foundation for Pharmaceutical Education, North Plainfield, New Jersey for scholarships and fellowships in the College of Pharmacy	42,250
American Paralysis Association, Short Hills, New Jersey for research in the College of Literature, Science, and the Arts	18,150
Anonymous Donor for the Sports Service Building in the Department of Athletics	40,000
Aplastic Anemia Foundation of America, Baltimore, Maryland for research in the Medical School	6,250
Robert Arthur Estate for unrestricted support of the University of Michigan	9,006
Atlantic Richfield Company, Dallas, Texas for the Associates Program in the School of Business Administration	10,000
Terry Barr Sales Agency, Inc., Southfield for the Millie Schembechler Memorial for Cancer Research in the Medical School	9,360
Dorothy Gondos Beers, Fairfax, Virginia 357 shares of Health/Rehab Property Trust common stock for the Victor Gondos Jr. Archives Fund in the College of Architecture and Urban Planning	5,043
David A. Brandon Foundation, Northville for the Millie Schembechler Memorial for Cancer Research in the Medical School	9,360

University of Michigan Hospitals Supplemental Certificate of Need for Patient Care Information System

Regent Deitch moved approval for submission of a supplemental Certificate of Need to the Michigan Department of Public Health for a patient care information system, increasing the budget limit from \$7 million to \$30 million. Regent Waters seconded the motion, and following some discussion about the specific features of the technology, it was approved unanimously.

Restriction on Equity Investments in Companies Operating in South Africa

On a motion by Regent Power, seconded by Regent Brown, the Regents unanimously approved adoption of the following resolution:

RESOLUTION REGARDING UNIVERSITY INVESTMENTS IN ORGANIZATIONS OPERATING IN THE REPUBLIC OF SOUTH AFRICA

WHEREAS the Regents have expressed repeatedly their conviction that the system of apartheid and the oppressive practices of the government of the Republic of South Africa related thereto are immoral and unconscionable; and

WHEREAS in March 1983 the Regents, acting in support of anti-apartheid efforts, directed the Vice President and Chief Financial Officer to take prudent action to divest equity investments in any organizations operating in the Republic of South Africa and to make no further equity investments in such companies; and

WHEREAS Nelson Mandela, the leader of the African National Congress, in an address to the United Nations Special Committee Against Apartheid on September 4, 1993, called for an end to economic sanctions, declaring, "To strengthen the forces of democratic change, and to help create the necessary conditions for stability and social progress, we believe that the time has come when the international community should lift all economic sanctions against South Africa"; and

WHEREAS Mr. Mandela called for help in "halting the slide to a socioeconomic disaster in South Africa," noting that millions of South Africans "have no food, no jobs, no homes"; and

WHEREAS Mr. Mandela made his statement the day after the Parliament of the Republic of South Africa adopted a package of laws intended to provide Black citizens with a voice in the government of their nation; and

WHEREAS President Clinton eliminated remaining U.S. trade sanctions and indicated that his administration will encourage investment in South Africa, stating, "This call from this courageous man who has been one of the principal victims of apartheid means that the leading groups in South Africa now oppose the maintenance of economic sanctions on their country";

IT IS THEREFORE RESOLVED that the Board removes the investment restrictions placed in resolutions adopted in March 1983 as modified in September 1985 and October 1988, and directs the Executive Vice President and Chief Financial Officer to take prudent action to effect the change in investment policy.

Reassignment of University's Ownership Interest in Intellectual Property (*Michael L. Boninger, M.D.*)

Regent Brown moved, Regent Waters seconded, and the Regents unanimously approved a modified standard assignment agreement with Michael L.