

DECEMBER MEETING, 2008

*The University of Michigan
Ann Arbor
December 18, 2008*

The Regents convened at 3:05 p.m. in the Regents' Room. Present were President Coleman and Regents Darlow, Deitch, Maynard, McGowan, Newman, Richner, Taylor, and White. Also present were Vice President and Secretary Churchill, Vice President Forrest, Vice President Harper, Executive Vice President Kelch, Vice President Lampe, Chancellor Little, Vice President May, Chancellor Person, Vice President Scarnecchia, Executive Vice President Slottow, and Provost Sullivan.

Call to Order and President's Opening Remarks

President Coleman called the meeting to order. She called attention to the recent announcement that Michigan State University would become the home of a new, \$550 million Department of Energy facility for rare isotope beams, noting how the economic impact this facility will have exemplifies the effect that the University Research Corridor has had in this region.

Regents Resolution in Honor of Rhodes Scholar Recipient

President Coleman announced that alumnus and medical student Abdul El Sayed recently had been named a 2009 Rhodes Scholar. She invited him to the podium and called on Regent Katherine White, who read the following resolution:

Regents' Resolution

The Regents of the University of Michigan commend Abdulrahman M. El-Sayed on his selection as a 2009 Rhodes Scholar.

Abdul El-Sayed is a Michigan man who is the epitome of the Michigan difference. A native of Bloomfield Hills, he graduated from the University of

Michigan in 2007 with a B.S. degree in biology and political science, and is now pursuing simultaneous M.D. and Ph.D. degrees through the University's prestigious Medical Scientist Training Program. As an undergraduate, he was a leader in the Muslim Students Association and a starting defenseman on the lacrosse team, graduating with highest distinction as an Angell Scholar and a member of Phi Beta Kappa. As the student commencement speaker in 2007, his commencement address made such an impression on the main speaker, President Bill Clinton, that Clinton was moved to remark, "I wish every person in the world could have heard you speak today."

Abdul has been praised by his academic advisors as being "the epitome of the engaged intellect" and "one of the most accomplished, mature and goal-directed students at Michigan." Since entering the M.D./Ph.D. program, he has led a medical mission to Peru, founded a student neurosurgery interest group, co-founded a student community service organization, won an award for his research, and been elected president of the Muslim Medical Students Association.

An idealistic, humane, and determined young man, Abdul El-Sayed has impressive goals for using his talents and skills to benefit his fellow human beings. There is no doubt among anyone who crosses his path that he will achieve all he sets out to accomplish and more. It is with great pride and admiration that the regents congratulate Abdulrahman El-Sayed on his Rhodes Scholarship and look forward to marveling at his achievements in the years to come.

Following a standing ovation, Mr. El-Sayed thanked the Regents and noted that it was only due to the community of mentors, coaches, and other supporters at the University of Michigan that he has been able to achieve this honor, and that he looked forward to proudly representing the University at Oxford University and then returning to complete his M.D. and Ph.D. degrees.

Regents' Resolution in honor of Regent Rebecca McGowan

President Coleman announced the Regent McGowan was retiring this month after having served 16 years on the board. President Coleman acknowledged Regent McGowan's commitment to diversity as perhaps one of her signature contributions, pointing out her work to expand benefits for domestic partners and her willingness to challenge the status quo. She called on Regent Maynard.

Regent Maynard said that she was thankful for the twelve years she had served with Regent McGowan, and that during that time they had taken on some worthwhile challenges. “Beckie, you’ve given Michigan your wisdom, your vision, and your caring, and no institution could ask for more,” she said. “Your impact has been profound, and will remain part of your legacy. You are a friend and important colleague.” She then read the following resolution:

Regents’ Resolution

The Regents of the University of Michigan extend heartfelt gratitude and appreciation to Rebecca McGowan as she concludes sixteen years of exemplary service on the Board of Regents.

Few regents have approached their service on the board with as much diligence, devotion, and determination as Regent McGowan, and all of the initiatives she has pursued have been marked by the themes of inclusivity, equity, and access. During her first year in office, she and Regent Deitch sponsored a motion to include “sexual orientation” in the regents’ nondiscrimination bylaw; fifteen years later, with her advocacy and full support, the bylaw was further expanded to include “gender equity and gender expression.” Regent McGowan also spearheaded creation of the University’s Childcare Task Force in 1996, which resulted in comprehensive improvements to the University’s child care initiatives for students, faculty, and staff. Regent McGowan’s staunch advocacy of the University’s decision to defend its affirmative action policies all the way to the U.S. Supreme Court perhaps most exemplifies how her personal principles so closely match those of the University.

Regent McGowan’s legacy also includes taking on the challenging task, with her colleagues, of reorganizing the leadership structure of the Health System to ensure its long-term viability, culminating in establishment of the position of the executive vice president for medical affairs. Other important programs she has championed include the Life Sciences Initiative and the Cardiovascular Center. Regent McGowan has served with five presidents, both interim and permanent, and helped lead two presidential searches. She was chair of the board in 2004-2005, and has served two terms as chair of the board’s Finance, Audit and Investment Committee.

Regent McGowan has been an active, gracious, and principled supporter of the University, and her support and encouragement have inspired all of us – regents, presidents, administrators, staff, faculty – to do our best. We are a better institution because of the generous and unstinting commitment she has given of her time, wisdom, and talents throughout her sixteen years on the board. It is with deep gratitude and esteem that the regents name Rebecca McGowan Regent Emerita of the University of Michigan.

A round of applause followed. Regent McGowan stated that “I have loved every single minute of this responsibility.” She also commented about how her daughter, Margot, who was born the year she was first elected regent, had been a good natured partner throughout her tenure and had served as her consultant on a number of youth-related issues over the years. She said that her decision to step down after two terms had been made jointly with her daughter. She thanked her daughter and thanked the regents and administrators, noting that “It’s been fantastic.”

2008 Annual Environmental Update

President Coleman called on Associate Vice President Hank Baier to present the annual environmental update. Mr. Baier pointed out that copies of the 2008 environmental report had been distributed and that the report was also available on the sustainability website.

Mr. Baier stated that during the past five years total energy use had decreased by 4%, even as the amount of occupied space has grown by 10% and the University population has grown by 7%. During this time, carbon dioxide emissions from University buildings and vehicles has also decreased, and water usage has decreased. The amount of solid waste disposal has slowly increased, but the amount of recycling also continues to increase, with about 29% of the waste stream being recycled. Mr. Baier reported that a solar array has been installed on the central power plant for pre-heating water as a pilot project to see how the University might employ solar energy.

In the area of alternative transportation, Mr. Baier described some of the programs in use at the University, including the “GreenRide” ride-share program, the van pool program, and the “M-Ride” program, which gives free city bus rides to anyone with a University of Michigan identification card. He reported that there are currently about 2.2 million rides per year on the

M-Ride program, and that ridership on University-owned buses continues to increase, to the current level of about 6 million rides per year.

With respect to new construction activity, Mr. Baier reported that the North Quad Residential and Academic Complex, currently under construction, is designed to exceed current energy code standards by 35%, which will save about \$300,000/year in energy operating expenses once the complex opens. He also described how the “Planet Blue” initiative is engaging campus building occupants in projects that will save energy and money over the short and long term.

Comments from Regent White

Regent White acknowledged a recent gift to the University from President Coleman and her husband, Kenneth, of \$25,000 for a challenge fund to promote study-abroad participation among Michigan students and to help ensure that greater numbers of Michigan alumni are prepared to work and lead in our increasingly interconnected world. She continued,

“Since her arrival in 2002, President Coleman repeatedly has backed up her words with action, whether in the realm of fundraising, policy, or the great public issues of our day. In the plan for her second, five-year term, President Coleman announced her intent to double the number of UM students who study abroad. Again, in this instance, she and Kenneth, himself an international studies scholar specializing in Latin America, have contributed their personal resources to help realize an important University goal.”

“This follows the Coleman’s extraordinary, 2003 leadership gift of \$500,000 in support of the Life Sciences Institute, the Institute for Social Research, Trotter House renovations, the Horace H. Rackham School of Graduate Studies, and other initiatives. And, in 2007, President Coleman donated her entire salary increase of more than \$15,000 to enhance financial aid for graduate and professional students. Following President Coleman’s superb leadership of the successful, \$3.1 billion, Michigan Difference campaign, which broke all existing records in public higher education, this most recent gift reminds us of the ongoing importance of philanthropy in the future of this university. Thank you President Coleman, and Kenneth, for again leading by example.”

Committee Reports

Finance, Audit and Investment Committee. Regent White, chair of this committee, reported that she and fellow committee members Regents Maynard and McGowan, as well as

Executive Vice President Slottow and President Coleman, had attended this meeting. Associate Vice President Laura Patterson and Chief Information Technology Security Officer Paul Howell met with the committee to review the Information Technology Security and Disaster Recovery Program. Following this session, the committee met with Interim Associate Vice President for Finance and Treasurer Greg Tewksbury and Assistant Treasurer Milagros Dougan for a review of the debt program, rating and strategy. Next, the committee met with Provost Sullivan, Associate Provost Phil Hanlon, and Dean Janet Weiss for a review of the University Press. Finally, the committee reviewed the bi-monthly audit report with Carol Senneff, executive director of University audits.

Personnel, Compensation and Governance Committee. Regent Darlow, chair of this committee, reported that she and fellow committee member Regent Taylor, had attended the meeting, along with Vice President Churchill, and for various portions, President Coleman, Provost Sullivan, Vice President Scarnecchia, Athletic Director Bill Martin, Senior Associate Athletic Director Jason Winters, Associate Vice Provost Anthony Walesby, and Associate Vice President Laurita Thomas. The agenda items included annual salary reports for faculty, staff, executive officers, deans, and coaches, and proposed amendments of Regents bylaws and Hospital Executive Board bylaws. The committee also planned its agenda for 2009.

President Coleman then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of November 20, 2008.

Reports. Executive Vice President Slottow submitted the Investment Report and Plant Extension Report. There was no report from University Human Resources.

Litigation Report. Vice President Scarnecchia submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Projects Established, November 1–November 30, 2008.

University of Michigan Health System. There was no additional report from the University of Michigan Health System.

Division of Student Affairs. There was no additional report from the Division of Student Affairs.

University of Michigan-Flint. Chancellor Person extended her personal congratulations to Abdul Al-Sayed, noting that his mother, Jacqueline, is a colleague and friend of hers.

University of Michigan-Dearborn. Chancellor Little reported on the successful partnership that has developed between the campus’s Early Childhood Education Center and the Oakwood Healthcare System’s Center for Exceptional Families. He noted that Oakwood had purchased a building to house the Early Childhood Education Center, and the programs being developed between the two entities has turned out to be extremely beneficial for all concerned.

Michigan Student Assembly Report. Ms. Sabrina Shingwani, president of MSA, updated the Regents on current projects and initiatives underway in MSA. She also thanked Regent McGowan for her support of issues important to the lesbian, gay, bisexual, and transgender community and for her support of student issues in general. “You relate really well to students, and that’s something we really appreciate,” she said.

Voluntary Support. Vice President May submitted the report of voluntary support for November 2008.

Personnel Actions/Personnel Reports. Provost Sullivan submitted a number of personnel actions and personnel reports. She called attention to the recommended appointment of Noreen Clark as interim dean of the Department of Kinesiology.

Retirement Memoirs. Vice President Churchill submitted 11 retirement memoirs, calling attention to 3 faculty members who had served more than 4 decades each.

Memorials. No deaths of active faculty members were reported to the Regents this month.

Degrees. Provost Sullivan submitted for approval the August 2008 doctoral degree list, the final degree lists for April 2008 and August 2008 commencements, and changes to previously approved degree lists.

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

Public Comments

The Regents heard comments from James Toy, alumnus, expressing thanks to Regent McGowan for her service and advocacy; Tiernan Seaver and Ken Srdjak, students, on the University's investment in HEI and social responsibility; Richard Ryskamp and Jerry Lobbezoo, citizens, on the University's involvement in abortion; and Keiva Shults, student, on the residency classification policy.

Supplemental Information to the Audited Financial Statements of the Department of Intercollegiate Athletics of the University of Michigan for the Year Ended June 30, 2008

The Regents received supplemental information to the audited financial statements of the Department of Intercollegiate Athletics of the University of Michigan for the year ended June 30, 2008.

Alternative Asset Commitments

The Regents were informed of the following follow-on investments that have been made with previously approved partnerships: €20.0 million to Altor Fund III, L.P.; \$22.0 million to Chengwei Ventures Evergreen Fund, L.P.; and \$20.0 million to Fudo Capital II, L.P.

Public Equity Investment

On a motion by Regent Maynard, seconded by Regent Newman, the Regents unanimously approved an initial funding of \$50 million from the Long Term Portfolio to MFP Partners, L.P., a public equity manager based in New York.

Engineering Programs Building Addition

On a motion by Regent McGowan, seconded by Regent Richner, the Regents unanimously approved the Engineering Programs Building Addition Project as described and authorized commissioning Integrated Design Solutions, LLC for its design.

University Stores and Alexander G. Ruthven Museums Building Museum of Zoology Collection Relocation and Renovations

On a motion by Regent Newman, seconded by Regent Darlow, the Regents unanimously approved the University Stores and Alexander G. Ruthven Museums Building Museum of Zoology Collection Relocation and Renovations Project as described and authorized commissioning SmithGroup for its design.

Business Administration Executive Dormitory and Sam Wyly Hall Guest Room Area Renovations

On a motion by Regent White, seconded by Regent Richner, the Regents unanimously approved the Business Administration Executive Dormitory and Sam Wyly Hall Guest Room Area Renovations Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

François-Xavier Bagnoud Building Ultra-Low Vibration Laboratory

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved the François-Xavier Bagnoud Building Ultra-Low Vibration Laboratory Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Intercollegiate Athletics Soccer Fields

Executive Vice President Slottow reported that in order to obtain the necessary permits for construction of two full-size soccer fields and one small soccer practice field, additional site work will be necessary from what had been anticipated when this project was originally approved in July 2007. This additional site preparation will necessitate an increase in the project budget from \$2,000,000 to \$2,800,000. On a motion by Regent White, seconded by Regent Richner, the Regents unanimously approved the revised project scope and budget for the Intercollegiate Athletics Soccer Fields Project, as described in the Regents Communication.

University of Michigan Hospitals and Health Centers University Hospital Inpatient Bed Expansion-Unit 7A

On a motion by Regent Newman, seconded by Regent Maynard, the Regents unanimously approved the University of Michigan Hospitals and Health Centers University Hospital Inpatient Bed Expansion-Unit 7A Project as described, authorized commissioning the architectural firm of Integrated Design Solutions, LLC for its design, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

University of Michigan Hospitals and Health Centers University Hospital Positron Emission Tomography/Computed Tomography Scanner Expansion

On a motion by Regent Newman, seconded by Regent Taylor, the Regents unanimously approved the University of Michigan Hospitals and Health Centers University Hospital Positron Emission Tomography/Computed Tomography Scanner Expansion Project as described, authorized commissioning the architectural firm of Integrated Design Solutions, LLC for its design, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Conflict of Interest Items

President Coleman announced that the agenda includes 6 conflict of interest items, each of which requires 6 votes for approval. These would be considered as a block, since no Regent had requested recusal from any item. On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved the following agreements:

Material Transfer Agreement between the University of Michigan and Armune BioScience, Inc.

The Regents approved a material transfer agreement with Armune BioScience, Inc. (“Armune”) to enable Armune to obtain certain materials from the University in order to further develop and commercialize licensed technology. Because David Beer, Xiaoju Wang, Arul Chinnaiyan, and Gil Omenn, partial owners of Armune, are also University of Michigan employees, 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 Armune BioScience, Inc.
2. Agreement terms include granting Armune rights to use the materials for the above-referenced purpose. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the Agreement. Standard disclaimers of warranties and indemnification apply, and the agreement may be amended by consent of the parties. University procedures for approval of these

changes will be followed and additional conflict of interest review will be done as appropriate.

3. The pecuniary interest of Drs. Beer, Omenn, Wang, and Chinnaiyan arise from their ownership interest in Armune.

Subcontract Agreement between the University of Michigan and Nico Technologies Corporation

The Regents approved a subcontract agreement with Nico Technologies Corporation (“Company”) enabling the Company to fund a project in the College of Engineering’s Department of Chemical Engineering. Because Nicholas Kotov, a University of Michigan employee, is also partial owner and member of the board of directors of the Company, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the contract are the Regents of the University of Michigan and Nico Technologies Corporation.
2. The terms of the agreement conform to University policy. The period of performance for the project is twelve (12) months and the amount of funding support is \$49,027.
3. The pecuniary interest arises from the fact that Nicholas Kotov, a University of Michigan employee, is also a partial owner and member of the board of directors of Nico Technologies Corporation.

Patent License Agreement between the University of Michigan and Biotectix, LLC

The Regents approved a patent license agreement with Biotectix, LLC, allowing Biotectix to license the following technology from the University: UM File No. 3016, “Cytopolymer or CytoPEDOT, Situpolymer or SituPEDOT, Gelpolymer or GelPEDOT,” and UM File No. 3376, “Conducting Polymer Nanotubes for Precisely Controlled Drug Release.” Because David Martin, a University of Michigan employee, is also a partial owner of Biotectix, LLC, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the contract are the Regents of the University of Michigan and Biotectix, LLC.

2. Patent license terms include giving Biotectix, LLC an exclusive license with the right to grant sublicenses. Biotectix, LLC will pay for ongoing patent expenses, perform technical diligence, pay royalties on sales and provide equity in the company to the University. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interest of Professor David Martin arises from his ownership interest in Biotectix, LLC.

Option Agreement between the University of Michigan and Medigenix, LLC

The Regents approved an option agreement with Medigenix, LLC, for commercialization of the following University of Michigan technologies: UM OTT File #3276, “Mutant Plasminogen Activator-Inhibitor Type 1 (PAI-1) and Uses Thereof,” UM OTT File No. 3277, “Methods of Reducing Vascular Permeability in Tissue by Inhibition of Tissue Plasminogen Activator (tPA) and tPA Inhibitors Useful Therein,” and UM OTT File No. 3278, “Novel Detection Assay for Serum Proteases Using PAI-1 Mutants as a Diagnostic.” Because Dr. Daniel Lawrence and Dr. Enming Joseph Su, University of Michigan employees, are also partial owners of Medigenix, Inc. (the “Company”), 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 Medigenix, Inc.
2. Agreement terms include granting the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will pay an option fee and reimburse ongoing patent costs. The University will retain ownership of the optioned technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the agreement may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

3. The pecuniary interests of Drs. Lawrence and Su arise from their ownership interest in Medigenix, Inc.

Collaboration Agreement among the University of Michigan, Fraunhofer-Gesellschaft zur Forderung der angewadten forshung e.V. and Fraunhofer USA, Inc.

The Regents approved a collaboration agreement with Fraunhofer-Gesellschaft zur Forderung der angewadten forshung e.V. and Fraunhofer USA, Inc. (collectively, “Fraunhofer”) enabling the formation of a multi-faceted collaborative relationship with the University to create an alliance in the field of alternative energy technologies for transportation (“AETT”), as described in the Regents Communication. Because Marvin Parnes, a University of Michigan employee, is also a member of the board of directors of Fraunhofer USA, 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 Regents of the University of Michigan, Fraunhofer-Gesellschaft zur Forderung der angewadten forshung e.V. and Fraunhofer USA, Inc.
2. The University will enter into an agreement with Fraunhofer that will cover standard procedures for the selection and performance of projects as well as provisions implementing University policies related to intellectual property and publication for the selected projects. The collaboration agreement will cover an initial two-year period with a total authorization not to exceed \$1,000,000 each from Fraunhofer and \$1,000,000 from the University. Fraunhofer USA may be contributing funding up to \$200,000. The University will use standard sponsored project accounting procedures to determine the cost of each project. Budget s will be reviewed and approved by authorized representatives of each department and school/college where projects are to be performed. The collaboration will allow the University and Fraunhofer to engage in projects that each party will conduct under the terms of the collaboration agreement.
3. Marvin Parnes has no pecuniary interest. He will play no role in the selection of projects under this collaboration, will play no role in the performance of the agreement, and will recuse himself from any University decision-making related to this collaboration.

Subcontract Agreement between the University of Michigan and Michigan Engineering Services, LLC

The Regents approved a subcontract agreement with Michigan Engineering Services, LLC (“Company”), which will allow the company to fund a project in the College of

Engineering. Because Nickolas Vlahopoulos, a University of Michigan employee, is also an owner and officer of the Company, 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 Michigan Engineering Services, LLC.
2. The terms of the agreement conform to University policy. The period of performance for the project is six (6) months and the amount of funding support is \$150,000. The agreement may be amended to fund Options 1 and 2 of the proposal, resulting in potential additional funding in the amount of \$750,000 for a potential total award of \$900,000. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interest of Nickolas Vlahopoulos arises from his ownership of Michigan Engineering Services, LLC.

Approval of proposed changes to the University of Michigan-Dearborn Academic Calendars for the Fall Term 2008 and Fall Term 2009

On a motion by Regent Taylor, seconded by Regent Richner, the Regents unanimously approved changes to the University of Michigan-Dearborn academic calendars, as detailed in the Regents Communication.

173.5 Acres of Land with Buildings Located in Washtenaw County, Ann Arbor, Michigan

Executive Vice President Slottow announced that the University has an opportunity to purchase 173.5 acres of land with approximately 1,975,000 gross square feet of buildings, commonly known as the Pfizer Ann Arbor campus, and located at Huron Parkway and Plymouth Road in Ann Arbor.

Executive Vice President Kelch stated that he enthusiastically recommends this “bold investment in the community and the University in the future of the state,” and said that hospital and medical school executives Doug Strong and James Woolliscroft also strongly support this proposal. Dr. Kelch observed that, while the University has been extremely successful in

procuring research funding over the years, the availability of top notch research and laboratory space has never quite kept pace with the demand. The purchase of this property would enable the University to do a planned expansion into collaborative and thematic research and to build a new research campus. It also allows the University to partner with the private sector, and eliminates constraints caused by lack of suitable research space that could otherwise hinder opportunities for collaboration.

Dr. Kelch noted that extensive financial analyses have been conducted about the affordability of this project, and it has been deemed to be a very prudent investment. “It will take us a while to fill the space,” he said. “But we will fill it up wisely, with the University’s and the Health System’s interests first and foremost, and we will work with the community in every way we can to develop the economy of this region.” He concluded, “We believe in the city, we believe in the broader community, we believe in the region, we believe in the state, and most importantly, we believe we can do this and do it well.”

Vice President Forrest commented that the University of Michigan is one of the top five research organizations in the country, but because available federal funding has flattened, it has to increase its market share in order to continue to grow. He stated, “Experience has shown that when we have grown our facilities, our research infrastructure, and our faculty, we win. The purchase of the Pfizer property and its world-class built environment, along with the ability to grow and expand into the vacant land, will really catapult the U of M into the forefront of the world’s best public and private universities.”

Vice President Forrest noted that although Michigan is at the center of the current economic contraction, “this action will send a powerful message that we are committed to the state and to the region, and that we’re growing. It will give people confidence that the

University of Michigan will maintain its excellence and will grow the local and regional economy through innovation, employment, and partnerships with business.

Provost Sullivan reported that, after having completed a disciplined examination of its space, the University has determined that there is a dearth of high quality laboratory space. She noted that this land, contiguous to North Campus, provides the opportunity to bring together some of the University's very best scientists and faculty members from a variety of disciplines in close proximity to each other. The ability to cross disciplinary boundaries will promote the development of new directions in research.

President Coleman thanked the team who had worked on exploring this opportunity. She also thanked the Regents, whose prodding and encouragement of the administration as they pursued the project made for a better outcome. "I enthusiastically bring this recommendation to you, and I second everything my colleagues have said. This is a very big deal for the University of Michigan."

Regent McGowan moved, "with great pleasure," that the University acquire the property in Washtenaw County, Ann Arbor, Michigan, at the price of \$108,000,000, subject to the University satisfying itself of the environmental condition of the site, the condition of the facilities and infrastructure, and completing due diligence, and that the executive vice president and chief financial officer be authorized to take all appropriate and necessary steps to complete the transaction. She said, "It has been said in some of our meetings, and I think it's really true, that this is a 100-year decision, and it's the right one." Regent Taylor seconded the motion.

Regent Deitch noted that the Regents did not want Pfizer to leave Ann Arbor and they were as shocked as anyone when the company announced it was closing its Ann Arbor facility. He recounted that the University had reluctantly sold 55 acres of land to Pfizer in 2001, but had

retained the right of “first opportunity” to purchase the land in the event that Pfizer decided to sell. That provision was a key to this current transaction. Regent Deitch said that if a private sector employer had come forward with a proposal to purchase the property and create high value, quality jobs, the University would have been pleased. But the reality is that this was not going to happen in the current climate. “However,” he said, “it will happen tomorrow because of what we’re going to do on this property today and into the future.”

Regent Deitch described the work that had been done during the past two years to examine the feasibility of the University’s acquiring the property. “We’ve looked at this every single way. Our team has negotiated a deal that is beneficial and fair to both sides, and I am thrilled to move this forward... and to prove that the state of Michigan has a vibrant, viable future ahead of it.”

Regent Taylor expressed support for the proposal, noting that the University does have the capacity to undertake it, noting that “if we don’t invest in ourselves, how can we expect anyone else to invest in us?”

Regent Maynard commented that it has been a long, hard discussion, and thanked President Coleman and the other members of the leadership team for their toughness and persistence in the endeavor. She said that the board has spent the last two years thoroughly discussing the opportunity from every angle possible. She said “I am very proud today to vote yes for the real future of this university and its vision, and for the future of the city and the state of Michigan. I am proud to be a U of M person today.”

Regent Newman noted that “the people in this room have worked extraordinarily hard to do this, to do it right, and to get it done in a manner that kept the board informed always.” She said that as soon as Pfizer announced it was leaving, the team had gone to work to examine what

role, if any, the University should play. She praised the team that had done the work to accomplish the agreement once the decision had been made to acquire the property, noting that “to get this done, in the time frame it has been done, with the way the board was kept informed, was nothing less than miraculous.”

Regent Richner commented that everyone on the team that worked on this transaction deserves our praise, and said, “This is a momentous day for the University and is important to our future. I support the project.”

Regent Darlow said that “this is a visionary and solid decision going forward and I am very proud and excited to be here.”

Regent White associated herself with the other Regents’ remarks, and then made the following statement:

During the University’s bicentennial, which will be celebrated in 2017, we will be celebrating all that our academic community has accomplished in the first two centuries. But today, with this acquisition, we have begun the University’s journey into its third century. In 1817, when the University of Michigan was established as the first university in the state of Michigan, our founders envisioned an institution of higher learning that would lead and enlighten our citizens and that would stand among the great institutions of the nation. Today’s announcement is another step, and it is a firm step, in advancing their vision. It is also commensurate with our vision for the university as an active participant in the economic development of the state and the region.

In taking the step we are taking today, we see the university that leads the nation in academic-based research, a university whose students learn and conduct research at the pinnacle of their fields, a university that has helped lead our state’s transformation to a knowledge economy, a university whose health system continues its sustained history of medical breakthroughs for the well-being of our own patients and those around the world.

I know that all of us sitting around this table are gratified to be serving the university at this time. When this exceptional opportunity has arisen, it is the sort of opportunity that promises to make a difference in this eminent and remarkable institution and the lives of our community of scholars, of our health system clients, and of the great state of Michigan.

The vote was then taken, and the motion to acquire the property commonly known as the Pfizer Ann Arbor campus at Huron Parkway and Plymouth Road, in Ann Arbor, was approved unanimously.

Executive Vice President Slottow recognized the Pfizer team as a “class act.” He noted that the University has a long history, spanning more than 50 years, of a very strong, productive, strategic relationship with Pfizer in its current and earlier corporate iterations. He also thanked the internal team that had worked so hard at exploring all of the risks as well as the benefits of the transaction.

There being no further business, the meeting was adjourned at 4:35 p.m. The next meeting is scheduled for January 22, 2009.