

NOVEMBER MEETING, 2003

*The University of Michigan
Ann Arbor
Thursday, November 20, 2003*

The Regents convened at 2:00 p.m. in the Regents' Room. Present were President Coleman and Regents Brandon, Deitch, Maynard, Richner, 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 Newman participated via conference call. Regents McGowan and Taylor were absent.

President Coleman called the meeting to order and announced that Public Comments would be the first order of business.

Public Comments

The Regents heard comments from Susan Fawcett, student, on tuition; William Shea, staff, on revamped staff benefits; Robert Green, retired faculty member, on increased cost of retiree health care benefits; David Dobbie, president of Graduate Employees Organization, on health care; Ronald Lomax, faculty, on employee sharing of health care premium costs; Gina Soter, member of Lecturers' Employee Organization, on LEO concerns about changes to the health care plan; Katie Oppenheim, staff, on health care; Kenneth Chaves, president of University of Michigan Skilled Trades Union, on health care; Jim Mogensen, citizen, on the town-gown relationship; and Chelsea Stroh, member of Students Organizing for Labor and Economic Equality (SOLE), on the Graduate Employees' Organization.

A five-minute break followed, and the meeting reconvened at 2:50 p.m.

Comments from President Coleman

President Coleman commented on notable achievements of faculty and others at the University during the past month.

Naming of the Media Union

President Coleman invited President Emeritus James J. Duderstadt and his wife, Anne Duderstadt, to the table, noting that the Regents would be acting on a request to name the Media Union in their honor. She commented that during his tenure as president, James Duderstadt had been a visionary leader who had embraced change and had “welcomed the opportunity to chart new directions and embrace the challenge of new demands.” She noted that he had initiated innovative programs for diversity and equality in higher education--the Michigan Mandate and the Agenda for Women--and that under his leadership, the University’s endowment had increased five-fold and it had become the first public university to earn an Aa1 credit rating from Moody’s Investors Services. The University had also become the nation’s leading research university, and had embarked on a \$1.5 billion program for rebuilding, renovating, and updating the campus.

President Coleman also commented on the invaluable and dedicated service of Anne Duderstadt, who “worked tirelessly to promote an awareness of the University’s history, and to preserve its historic and artistic treasures.” She noted that President Duderstadt continues to serve the University as a “teacher, leader, and visionary” and expressed her thanks for his “effective articulation of the issues challenging higher education today and those that loom large in our future.”

President Coleman noted that the Media Union, constructed seven years ago, with its comprehensive library, art gallery, common spaces, studios, and laboratories, epitomizes the

“vigorous, cutting edge spirit” of Jim and Anne Duderstadt. A campus-wide celebration and formal dedication is planned for early Spring, 2004.

President Coleman turned to Regent White, who commented that she had known Jim and Anne Duderstadt for most of her life, and they have demonstrated an unwavering commitment to the University of Michigan over a period of more than 30 years. Regent White noted that the Media Union is a unique teaching, learning, and research facility that emerged from the vision of James J. Duderstadt, who has served the University as dean, provost, president, and in his current role as University professor of science and engineering. She noted that President Duderstadt’s true legacy goes beyond bricks and mortar, and is reflected in the diversity and interdisciplinary focus inherent in the University today, in its “institutional commitment to a diverse community of scholars, its dedication to tearing down the intellectual walls that divide academic disciplines, and its concentrated efforts to harness the awesome capacity of technology in service of knowledge-seeking,” and in the solid financial footing he built as president.

Regent White commented that as the University of Michigan develops its 21st century vision of a diverse and vigorous academic community, “many rightly look to Jim’s Michigan Mandate and the Michigan Agenda for Women for guidance,” with their model that introduced the systematic measurement of the standing of these groups, broad community participation in the debate, and clear and measurable standards.

Regent White noted that Anne Duderstadt’s legacy is “rooted into the legacy of the University of Michigan as a whole,” and in her “tireless service” she sought to restore a sense of the University’s history and traditions. Among her accomplishments were the establishment of the History and Traditions Committee, providing pivotal leadership for renovations at the President’s House and Inglis House, championing the restoration of and spearheading the fundraising effort for

the Detroit Observatory, and providing key service in the “Campaign for Michigan,” which raised \$1 billion.

Regent White noted that Anne Duderstadt’s current efforts include a series of pictorial histories of the University of Michigan in Ann Arbor, the first of which will coincide with the upcoming 150th anniversary of engineering education at Michigan, and the second of which, concentrating on the central campus, will be published in the fall of 2004. She is also working on a comprehensive, web-based history of the University. She pointed out that President Emeritus Duderstadt continues as a national leader on the future of higher education as head of the Millennium Project, a research center concerned with the impact of societal, economic, and technological changes on the research, teaching, and service activities of universities. He has published a number of award-winning articles and books on the future of research universities, public higher education, and intercollegiate athletics in America.

Regent White commented that as one of the largest multi-media centers in the nation, open 7 days a week and 24 hours a day, the Media Union is the focal point of the activities of thousands of students. “The naming of this building is uniquely fitting as a tribute to the Duderstadts, who have worked around the clock, 24/7, on our behalf,” she noted. “They are the ultimate leaders of the past, the present, and the future of the University of Michigan.” She thanked them for their service.

A round of applause followed, and President Emeritus Duderstadt responded:

Anne and I feel very honored by this action, and we want to thank the Regents and President Coleman for your recognition.

This November will mark our 35th year at the University of Michigan, and over these many years it has been our great privilege to serve this remarkable institution in many ways—on its faculty, as a members of the University community, and through leadership assignments as dean, provost, and president.

I remember a former dean once remarking that there were very few social institutions worthy of the commitment of an entire career, and Michigan was clearly one of

these. (Actually I don't remember just who said this—probably someone like Harold Shapiro, Billy Frye, or Chuck Vest, long since departed for another university.)

Of course as you all are well aware, this is not the easiest place to serve,

Or to lead,

Or to govern!!!

But as Regents and as executive officers, each of you view your role as a higher calling, deserving of the personal commitment and sacrifice you each dedicate so unselfishly to the University, just as did Anne and I during our years in the presidency.

During the past several months I participated in two meetings that vividly illustrate the importance of these commitments to Michigan:

The first was in Montreux, Switzerland this past June where I co-chaired a joint meeting of university presidents from the United States and Europe, sharing visions of the future of the university. Then this October at UC-Santa Cruz, I participated in a meeting with the leadership of the University of California to explore the future of that institution.

In both events I was struck by how many people approached me to learn more about what they referred to as “the Michigan model”. Now, of course, this “model” meant quite different things to different people.

To some it was your courageous defense of diversity in higher education. In a sense Michigan carried the water for the rest of higher education all the way to the Supreme Court, something that others not only depended upon Michigan to do, but actually expected us to do as a part of our long tradition to provide “an uncommon education for the common man”.

To others the Michigan model means our capacity not only to sustain but enhance our quality even as our tax support declines. Clark Kerr used to call Michigan “the mother of public universities” because of this unusual ability to achieve high quality as a public institution. Many other public universities with far more generous state support such as the Universities of California, North Carolina, and Virginia now look to our model to learn how to sustain quality during tough budget times.

To some the Michigan model arises from the “free and open spirit” of our students and faculty, a phrase used to describe Michigan by a Harper's magazine article in the 1920s.

Still others see the Michigan model as innovation and risk taking, for example, when Michigan developed the quantitative social sciences in the 1950s through its Institute for Social Research or its role in building the Internet in the 1980s.

For Michigan, quality by itself was never quite enough. Instead we have always sought leadership, perhaps best captured by the phrase “the leaders and best” in our fight song, the Victors.

Anne and I are privileged to be a part of this tradition, and we are deeply grateful to the Regents for this action that links us even more tightly to this remarkable institution.

Another round of applause followed. Mrs. Duderstadt thanked the Regents for this honor.

Regent White moved that the Media Union be named the James and Anne Duderstadt Center. Regent Maynard seconded the motion, and it was approved unanimously.

Committee Reports

Finance, Audit, and Investment Committee. Regent Brandon reported that the committee had met that morning and had received information on several issues. They were briefed by Bill Martin, athletic director, and Judy Van Horn, associate athletic director for compliance services, about the University's efforts in complying with NCAA rules and regulations. They also met with Mr. Martin and colleagues for an information update on progress toward overcoming projected operating budget shortfalls. The third item was a discussion with Provost Courant and Vice President Wilbanks regarding the current state budget crisis and its impact on current and future operating budgets. The committee also reviewed a draft of a committee meeting schedule for 2004, and reviewed a report about the financial performance of the University of Michigan Hospitals and Health System, which reported an impressive positive variance through the end of September.

Compensation and Personnel Committee. Regent Maynard commented that the committee met with the president and discussed her vision for the University. This discussion leads to the development of goals and objectives by which future evaluations can be made in 2004.

Annual Report of Senate Advisory Committee on University Affairs (SACUA)

Professor Charles Koopmann, Jr., delivered the annual report of SACUA. He highlighted some of the issues that SACUA either has already addressed or plans to address in the current

year, including a revision of the “Teaching Document,” which highlights the importance of teaching at the University of Michigan, development of a “Tenure Guidelines” document, establishment of a task force on child care for students, faculty, and staff, and approval for creation of a central faculty ombuds position.

Professor Koopmann also pointed to some challenges facing University leadership that SACUA has identified. These include the growth in non-tenure track faculty; benefits for active and retired faculty and staff; the practice of paying exorbitant amounts to hire “star” faculty; the fear of speaking openly and freely on controversial topics; the need for improvements in some athletics facilities for some varsity sports and for recreational sports for faculty and staff; the necessity for replacing the existing women’s and children’s hospitals; the need to increase the influence of college presidents and faculty on intercollegiate athletics; and the need for more faculty involvement in refinement of admissions criteria.

He thanked the Regents for giving SACUA an opportunity to address the board, and noted that it has been an honor and pleasure to work with the president, members of the administration, faculty, and others.

Annual Operating Request to the State

Ann Arbor Campus. Provost Courant commented that the Ann Arbor campus is requesting only a continuation of the current level of appropriations, or \$327 million, an amount that is 10% less than the state appropriation for fiscal year 2002. He noted that further cuts will pose significant threats to the University, and described some of the risks.

Provost Courant noted that the cuts in base funding already absorbed amount to almost \$1,000 per student, and if the preliminary recommendation for an additional 6% cut comes to pass, the reduction in revenues would equal almost \$1,500 per student. He noted that the University has

cut costs deeply over the past two years and has eliminated over 300 jobs and open positions. Schools and colleges have had to eliminate course sections and increase class sizes, and no executive officer accepted a salary increase this year. Although the proposed cost-sharing model for health care premiums will trim \$6 million in the General Fund and \$20 million overall from the University's health care contribution for 2005 and more in coming years, health benefits costs continue to increase.

Provost Courant described the effect that some of the cuts in academic programs already have had, with some courses previously designed as senior seminars for 25 students turned into a lecture course for 250 students, and half of the seats in small, advanced seminars with senior faculty being eliminated. Further reductions will cut into core academic activities, and could include scaling back of freshman seminars, and curtailing living-learning programs and community outreach programs.

Provost Courant pointed out that the rate of return on investments in education is among the highest reliable returns on investment available in the economy, noting that expenditure of \$1.00 at the University increases state income by a total of about \$2.50, and that the University brings hundreds of millions of dollars a year to the state.

Provost Courant said that there are only two ways to increase revenue--private giving and increases in tuition. The upcoming capital campaign, although critical to the University's future stability and leadership, will never replace fundamental state support. He expressed the hope that in the face of continued budget cuts, the University will not be forced to choose further reductions that will compromise the extraordinary quality and nature of the institution. Because tuition revenue does not cover the full costs of students' education, other sources of income, including

state appropriation and philanthropy, must be relied upon. He noted that any increase in tuition will be matched with corresponding increases in financial aid.

Detailed options and plans will be presented in the coming months, as the University's costs and the state's economic and fiscal situation become clearer. The current funding situation, he said, represents a substantial threat to academic excellence and student access, and the University will work with the state's leaders to plan for long-term stability that will preserve the University's ability to serve the state's residents in the future.

Dearborn Campus. Chancellor Little commented that the Dearborn campus is well aware that they will most likely be facing a decrease in state support for the coming year. The campus's strategic priorities include expanding and strengthening undergraduate education, expanding and extending graduate and professional education to meet the needs of working professionals in southeast Michigan, continuing to incorporate technology into the curriculum, and enhancing and deepening the campus's traditional commitment to community engagement. He described some of the specific initiatives being planned in each of these areas.

Chancellor Little noted that last year's state appropriation has already been reduced by \$2.6 million, and the proposed additional 6% cut would equal \$1.0 million. Until now, the cuts have been absorbed by reducing costs and increasing revenues through increased enrollment and higher tuition. He noted that higher education can play a critical role for the state in enhancing the economic recovery, and that it deserves the support of the state even in difficult times. To that end, the University of Michigan-Dearborn has requested \$1 million in new base funding, while recognizing that this request is unlikely to be accommodated. The request is meant to highlight the fact that the University has continuing needs and is working very hard to make a contribution to the communities it serves.

Flint Campus. Chancellor Mestas observed that attempting to construct a budget request that addresses the needs and aspirations of the campus in the face of the current state budget reality was a most difficult undertaking. He noted that the request is based on trying to restore some of the components of the academic experience that were eliminated during the last round of budget cuts. The top academic priority is to maintain the full academic experience for the students, and the second priority is to continue to recognize the important responsibility that the University has to maintain its relationship with the community. The budget request, as detailed in the action request, maintains those priorities and realities.

The Regents then turned to the regular agenda.

Consent Agenda

Minutes. Vice President Tedesco submitted for approval the minutes of the meeting of October 16, 2003.

Reports. Executive Vice President Slottow submitted the Investment Report, Plant Extension Report, and Human Resources and Affirmative Action Report.

Litigation Report. Vice President Krislov submitted the Litigation Report.

Research Report. Vice President Ulaby submitted the report of Projects Established, October 1 - October 31, 2003. He noted that the University received 201 new awards this year, including a \$13.6 million, 5-year project on translational research in acute lung injuries.

University of Michigan Health System. Executive Vice President Kelch commented that the Health System is preparing for anticipated reductions in government-supported payments for medical care. He also noted that all three components of the Health System (M-Care, the Medical School, and Hospital) are undergoing a reaccreditation process simultaneously.

Division of Student Affairs. Noting that the annual Michigan vs. Ohio State University football game would be taking place that weekend, Vice President Harper announced that a significant effort has been made to encourage all fans to behave in a manner that is respectful to the University of Michigan and the Ann Arbor community. Student groups and Greek groups have participated fully in this endeavor, and the University's Department of Public Safety and government relations officials have been working with the Ann Arbor Police Department and others to ensure safety.

University of Michigan-Dearborn. Chancellor Little noted that the campus had held a very successful opening of the newly-renovated University Center. The building is being heavily used, and is a tremendous success and a huge enhancement to the quality of student life on campus.

University of Michigan-Flint. Chancellor Mestas commented that much of the attention on campus has been focused on adjusting to the painful consequences of the last round of budget cuts, while preparing for anticipated future budget cuts. Many students are sending letters to state legislators regarding the effect of these cuts, and their fear that the cumulative effect of these cuts will diminish the quality of their education.

Chancellor Mestas reported that the campus has focused on trying to improve and control things that are within its reach. To that end, an Enrollment Management Task Force has been created, charged with making recommendations to improve the recruitment and retention of students. He introduced a UM-Flint student, Patrice Campbell, an international student from Jamaica who has been featured as one of ABC Television's "Top Five Under 35." She was selected for the exceptional leadership qualities she has displayed as a student leader on the Flint campus through her work in recruiting students from around the world to attend the University of Michigan-Flint. He noted how proud the University is of her accomplishments.

Conflict of Interest Items

President Coleman noted that the agenda includes 12 conflict of interest items (numbers 9-20), each of which requires 6 votes for approval. However, item #12, “Option Agreement between the University of Michigan and Innovative Biotherapies, Inc.,” is being removed from consideration until the December meeting. She said that the remaining 11 items would be considered together as a block, in one vote, unless any Regent requests individual consideration of, or recusal from voting on, a particular item.

There being no requests for individual consideration or recusal, on a motion by Regent Deitch, seconded by Regent White, with Regent Newman participating by telephone, the Regents unanimously approved each of the following items:

Approval of Payment for Ann Arbor IT Zone

The Regents approved payment by the University of Michigan School of Business Administration to Ann Arbor IT Zone for conference services and logistics. Because Kenneth Nisbet and Samuel McCord are members of the board of directors of Ann Arbor IT Zone and are also University of Michigan employees, this purchase 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 its School of Business Administration and Ann Arbor IT Zone.
2. The service provided was conference services at a total cost of \$17,897.25.
3. The pecuniary interest arises from the fact that Kenneth Nisbet and Samuel McCord, University of Michigan employees, are members of the board of directors of Ann Arbor IT Zone.

Purchasing Contract with Intralase Corporation

The Regents approved a purchasing contract with Intralase Corporation for the purchase of a femtosecond laser. Because Tibor Juhasz is a University employee and is also an employee of

Intralase 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 and its Department of Ophthalmology and Visual Sciences and Intralase Corporation.
2. The product to be provided is a femtosecond laser at a total cost of \$196,235.00.
3. The pecuniary interest arises from the fact that Tibor Juhasz, University of Michigan employee, is also an employee of Intralase Corporation.

Approval of Payment for Paul E. Schneider Enterprises

The Regents approved payment by the University of Michigan-Dearborn's Department of Physical Education, Recreation and Athletics to Paul E. Schneider Enterprises. Because the owner and president of Paul E. Schneider Enterprises, Denise Sombati, is also a University of Michigan employee, this purchase 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 its University of Michigan-Dearborn Department of Physical Education, Recreation and Athletics, and Paul E. Schneider Enterprises.
2. The product provided is trophies and awards at a total cost of \$6,170.70.
3. The pecuniary interest arises from the fact that Denise Sombati, a University of Michigan employee, is owner and president of Paul E. Schneider Enterprises.

Research Agreement between the University of Michigan and KeraCure, Inc.

The Regents approved a research agreement between the University of Michigan and KeraCure, Inc. to support a research contract for further development of inventions made by Dr. Riley Rees, a University of Michigan faculty member. Because Dr. Rees also has an equity interest in KeraCure, 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 KeraCure, Inc.

2. The terms of the proposed agreement conform to University policy. The project is expected to continue for about a one-year period. The total cost to KeraCure is currently expected not to exceed \$84,780 including indirect cost at the applicable rate. Since research agreements are often amended, the subcontract includes provisions for changes in time, amount, and scope. University of Michigan procedures for approval of these changes will be followed and additional review by the Conflict of Interest Committee will be done as appropriate.
3. Dr. Rees' pecuniary interest arises from his holding of an equity interest in KeraCure, Inc.

License Agreement between the University of Michigan and Mobius Microsystems

The Regents approved a license agreement between the University of Michigan and Mobius Microsystems for an exclusive license agreement with Mobius for inventions developed and owned by the University of Michigan. Because Richard B. Brown and Michael McCorquodale are University of Michigan employees who also hold an equity interest in Mobius Microsystems, 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 Mobius Microsystems.
2. License Terms:

Field of Use: All fields.

Grant: Exclusive.

Equity: UM will obtain 4.5% of fully diluted equity in Mobius.

Royalties: 1-2% on Net Sales by Mobius based on cumulative new sales; 3-4% of sublicense income (based on cumulative income) for design licenses and sliding scale of sublicense income for general sublicenses ranging from 15-50% depending on date of sublicense.

Patent Expenses: Payment of ongoing expenses and back patent costs over time (no less than 18 months from effective date)

Diligence: Combination of financing and sales levels and completion of first third party agreement.

The University will retain ownership of the licensed technology and may continue to further develop it and use it for research and academic purposes.

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

3. The pecuniary interests of Dr. Brown and Mr. McCorquodale arise from their ownership interest in Mobius. They have waived any personal participation in the sharing of revenue received by the University from Mobius.

Option Agreement between the University of Michigan and Mobius Microsystems

The Regents approved an option agreement between the University of Michigan and Mobius Microsystems to evaluate an invention entitled, “Software for the Synthesis of MEMS Devices” (OTT File No. 2655). Because Richard Brown and Michael McCorquodale are both University of Michigan employees and hold an equity interest in Mobius Microsystems, 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 Mobius Microsystems.
2. Option terms include an option fee of \$2,000 and an option period of 3 months.
3. The pecuniary interests of Dr. Brown and Mr. McCorquodale arise from their ownership interest in Mobius Microsystems. They have waived any personal participation in the sharing of royalties received by the University from Mobius Microsystems.

Subcontract Agreement between the University of Michigan and the University of Illinois

The Regents approved a subcontract agreement with the University of Illinois enabling the collaboration of Dr. Ravi Bhavnani of the University of Illinois in the project, “Simulation of Closed Regimes Using Agent-Based Models (SCRAM).” Because Dr. Bhavnani also holds a 0% appointment at the University of Michigan, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and the University of Illinois.
2. Agreement terms: The proposed subcontract to the University of Illinois is for \$86,991 for the period covering 1 September 2003 through 31 August 2004. The University’s standard subcontract provisions will apply. Since research agreements are often amended, the subcontract includes provisions for changes in time, amount, and scope. University of Michigan procedures for approval of these changes will be followed and additional review by the Conflict of Interest Committee will be done as appropriate.
3. Dr. Bhavnani’s pecuniary interest arises from his status as an employee of the University of Illinois.

Research Agreement between the University of Michigan and Michigan State University

The Regents approved a research agreement between the University of Michigan and Michigan State University involving collaboration with Dr. Hiram Fitzgerald of Michigan State University on the research project, “Family Study of Risk for Alcoholism Over the Life Course.” Because Dr. Fitzgerald also holds an appointment as an adjunct professor, without compensation, 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 Michigan State University.
2. Agreement Terms: The total award to the University of Michigan will be \$4,941,791. A total subcontract of approximately \$775,000 is planned for Michigan State University covering the period January 1, 2003, through December 31, 2007. The University’s standard subcontract provisions will apply. Since research agreements are often amended, the subcontract includes provisions for changes in time, amount, and scope. University of Michigan procedures for approval of these changes will be followed and additional review by the Conflict of Interest Committee will be done as appropriate.
3. Dr. Fitzgerald’s pecuniary interest arises from his status as an employee of Michigan State University.

Subcontract Agreement between the University of Michigan and Therapeutic Systems Research Laboratories, Inc. (“TSRL”) (*re oral delivery of Thrombostatin*)

The Regents approved a subcontract agreement between the University of Michigan and Therapeutic Systems Research Laboratories, Inc. (“TSRL”) for funding of a project in the Department of Internal Medicine involving oral delivery of Thrombostatin. Because Dr. Gordon Amidon is a University of Michigan employee and also an owner of TSRL, 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 TSRL.
2. The terms of the agreement conform to University policy. The period of performance for the project is one (1) year and the amount of funding support is \$55,412. Since research agreements are often amended, the subcontract includes provisions for changes in time, amount, and scope. University of Michigan procedures for approval of these changes will

be followed and additional review by the Conflict of Interest Committee will be done as appropriate.

3. Dr. Amidon's pecuniary interest arises from his ownership of TSRL.

Subcontract Agreement between the University of Michigan and Therapeutic Systems Research Laboratories, Inc. ("TSRL") (*re delivery of Anthrax DNA vaccine*)

The Regents approved a subcontract agreement between the University of Michigan and Therapeutic Systems Research Laboratories, Inc. ("TSRL") for funding of a project in the Department of Internal Medicine involving investigation of conjugate carriers for delivery of anthrax DNA vaccine. Because Dr. Gordon Amidon is a University of Michigan employee and also an owner of TSRL, 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 TSRL.
2. The terms of the agreement conform to University policy. The period of performance for the project is two (2) years and the amount of funding support is \$80,000. Since research agreements are often amended, the subcontract includes provisions for changes in time, amount, and scope. University of Michigan procedures for approval of these changes will be followed and additional review by the Conflict of Interest Committee will be done as appropriate.
3. Dr. Amidon's pecuniary interest arises from his ownership of TSRL.

Subcontract Agreement between the University of Michigan and General Dynamics Advanced Information Systems, Inc., acting through Veridian Systems Division, Inc.

The Regents approved a subcontract agreement with General Dynamics Advanced Information Systems, Inc., acting through Veridian Systems Division, Inc., for funding of the project, "DARPA Friction Drag Reduction Program." Because a key collaborator on the project, Dr. David Walker, is an employee of Veridian Systems Division, Inc. and also holds a 0% appointment at the University of Michigan, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and General Dynamics Advanced Information Systems, Inc., acting through Veridian Systems Division, Inc.

2. The terms of the agreement conform to University policy. The period of performance for the project is September 1, 2003 through November 30, 2006 and the amount of funding support is one hundred ninety thousand dollars (\$190,000). Since research agreements are often amended, the subcontract includes provisions for changes in time, amount, and scope. University of Michigan procedures for approval of these changes will be followed and additional review by the Conflict of Interest Committee will be done as appropriate.
3. Dr. Walker has no pecuniary interest in the agreement.

Michigan Student Assembly Report. MSA President Galardi reported on projects underway by Michigan Student Assembly. She also introduced Manuel Alaez, treasurer of the Dearborn Campus student government. Mr. Alaez noted that the Dearborn student leadership hopes to report regularly on its activities, and he highlighted a number of current and future initiatives underway.

Regent Brandon left the meeting at this point, at 4:00 p.m.

Voluntary Support. Vice President May submitted the Reports on Voluntary Support as of October 31, 2003.

Personnel Actions/Personnel Reports. Provost Courant submitted a number of personnel actions and personnel reports. He noted the additional appointment for Dean Noreen Clark, and the appointment of Donald Chaffin and Melvin Hochster as distinguished University professors.

Retirement Memoirs. Vice President Tedesco submitted memoirs for five retiring faculty members.

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

Degrees. President Coleman submitted recommendations for honorary degrees for the following individuals: Leo Goodman, Class of 1938 Professor, Departments of Sociology and Statistics, University of California, Berkeley (Doctor of Science); Ann Lurie, president and treasurer, Ann and Robert H. Lurie Family Foundation (Doctor of Laws); and Thomas J. Miller, ambassador to Greece (Doctor of Laws).

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

Alternative Asset Commitment

The Regents were informed of the University's recent commitment of \$25.0 million from the Long Term Portfolio to Lubert-Adler Real Estate IV, L.P., a follow-on real estate fund.

Alternative Asset Investment

On a motion by Regent Deitch, seconded by Regent Maynard, the Regents unanimously approved an additional investment of \$0.7 million from the Long Term Portfolio to purchase a secondary interest in Chengwei Ventures I, L.P.

Naming of the Michigan Stadium Football Team Locker Room

On a motion by Regent Newman, seconded by Regent White, the Regents unanimously approved naming the football team locker room in Michigan Stadium the J. Ira and Nicki Harris Family Football Locker Room.

Executive Vice President Slottow noted that generous gifts for this facility had also been received from Al Glick and Tom Maentz.

Athletic Department Academic Center (formerly referred to as Academic Success Center)

Executive Vice President Slottow introduced Mr. Robert Powell, CEO of Jickling Lyman Powell Inc., to present the schematic design for the Athletic Department Academic Center. Mr. Powell displayed diagrams of the site location and the site plan, and described how the building will be situated on the site. He then reviewed the schematic design and programmatic uses for the interior of the building, noting that it will consist of three levels, with a lower level, ground level (main floor), and upper level. He also displayed an architectural rendering of the exterior of the

building. He noted that it is designed to bridge the gap between the Marie Hartwig Building and Yost Field House, and it creates a new passageway to the Athletic Campus.

It was noted that construction of this building will result in a loss of about 60 parking spaces, but parking will be sufficient in this area even after the loss of the spaces.

Regent Deitch moved approval of the Athletic Department Academic Center. Regent Richner seconded the motion and it was approved unanimously. Executive Vice President Slottow noted that the building had previously been referred to as the “Academic Success Center” but will now be known as the “Academic Center.”

Ann Street Parking Structure

On a motion by Regent Deitch, seconded by Regent Maynard, the Regents unanimously approved the Ann Street Parking Structure Project, and authorized commissioning Walker Parking for its design.

Vera Baits I Fire Alarm Systems Upgrade

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved the Vera Baits I Fire Alarm Systems 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.

Central Campus Recreation Building New Fitness Center

On a motion by Regent White, seconded by Regent Richner, the Regents unanimously approved the Central Campus Recreation Building New Fitness Center Project as described, and authorized issuing the project for bids and awarding construction contracts, providing that bids are within the approved project budget.

Annual Operating Request to the State for the University of Michigan Ann Arbor Campus for FY2005

On a motion by Regent Deitch, seconded by Regent White, the Regents unanimously approved the annual operating request to the state for the University of Michigan Ann Arbor Campus for FY2005.

Annual Operating Request to the State for the University of Michigan Dearborn Campus for FY2005

On a motion by Regent Maynard, seconded by Regent Richner, the Regents unanimously approved the annual operating request to the state for the University of Michigan Dearborn Campus for FY2005.

Annual Operating Request to the State for the University of Michigan Flint Campus for FY2005

On a motion by Regent White, seconded by Regent Deitch, the Regents unanimously approved the annual operating request to the state for the University of Michigan Flint Campus for FY2005.

There being no further business, the meeting was adjourned at 4:40 p.m. The next meeting will be held December 18, 2003.