

OCTOBER MEETING, 2003

*The University of Michigan
Ann Arbor
Thursday, October 16, 2003*

The Regents convened at 1:50 p.m. in the Michigan Rooms, Harding Mott University Center, at the University of Michigan-Flint. Present were President Coleman and Regents Brandon, Deitch, Maynard, McGowan, Richner, and White. Also present were Provost Courant, Vice President Harper, Executive Vice President Kelch, 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, Regent Taylor, and Vice President Krislov 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 David Boyle, alumnus, on “erasing hazing.”

Comments from President Coleman

President Coleman thanked Chancellor Mestas and the Flint campus community for hosting the meeting. She called attention to the Flint Public School Improvement Initiative, whose goal is to improve the academic performance of Flint Public School children, and to “Project Export”, a \$1.3 million grant awarded to the School of Health Professions and Studies by the National Institutes of Health to decrease health disparities in the greater Flint community.

President Coleman also noted that the Intramural Sports Building (“IM Building”) on the Ann Arbor campus, is celebrating its 75th anniversary. This was the first university-owned

intramural athletics building in the country and was constructed under the direction of Elmer Dayton Mitchell, the first director of the University's intramural athletic program, which was the nation's first intramural athletic program. She also announced that the 100-year-old Samuel T. Dana Building, which houses the School of Natural Resources and Environment, was being rededicated on October 17.

Ann Arbor Central Campus Planning Issues. President Coleman noted that the meeting agenda included a request for appointment of an architect for expansion and renovation of the Museum of Art. She noted that this project is a precursor to the next step in master planning for the Ann Arbor campus, which will provide for continued work on core central campus academic programs and addressing of faculty needs. She then made the following comments about her academic vision for central campus and the future of the academic programs and facilities that now occupy central campus space.

I think we have a tremendous opportunity to encourage academic links among units on the Central, Medical, and North Campuses. I want our planning efforts to build on existing programmatic connections and create exciting new links. At the same time, we need to address facility issues that are vital to a number of academic programs and to prepare us for growth opportunities. Fortunately, we have excellent faculty and sound organization structures already in place and ready to provide the necessary leadership.

Some of the facility needs, like the condition of the Frieze Building, are well known and simply must be attended to. But I do not see merit in addressing these issues one-by-one without considering how they can work together as an integrated whole. We have very good ideas in development that have to be woven together with our academic priorities clearly in mind.

I have asked our leadership team to outline the components of a comprehensive planning effort to address the next set of central campus issues and opportunities including the following:

- ▼ *We have talked about my expectations that we continue to enhance life sciences programming and linkages. I want our approach to life sciences to be quite broad with many departments and disciplines involved. Our two*

biology departments will be key to the foundation and successful integration of life sciences more broadly across the campus. LS&A Dean Terry McDonald will play an important role in this development.

- v We have several strong programs in the neurosciences, and we will need to build on these strengths in ways that also reinforce Michigan's broader role in the life sciences. I have asked Terry McDonald, Allen Lichter, Paul Courant, and Bob Kelch to identify the University's capabilities and a plan for future growth, including faculty and facilities.*
- v As we look at the Frieze Building, we know it will require either replacement or renovation in the relatively near future. It houses quite a bit of classroom space, along with humanities programs and the Department of Theater and Drama. We're hopeful that this department will be able to move into North Campus as part of the Walgreen Drama Center planning--and of course, there will be the practical consideration of swing space when Frieze is off-line.*
- v Finding the right links between North Campus and Central Campus are also important considerations. As one example, the School of Information space is currently split between Central and North Campus. We need to consider how best to accommodate future growth for programs such as the School of Information and others now occupying Central Campus space.*

The University's academic priorities and needs will drive the next steps in our Central Campus planning effort. The plan needs to accommodate growth and emerging strengths, and it must design improved space for the next generation of our academic programs, which we know will be very cross-disciplinary and technology-dependent.

I am engaged in a discussion with Paul, Tim, Bob, and Terry McDonald to continue developing this in much greater detail. And we will work with our colleagues on campus with a goal of bringing a more detailed outline to you sometime later this year. We expect this to be a complex planning effort that will likely take up to two years to fully complete, but we should be able to plan on holding substantive discussions about priorities and needs very soon.

Committee Reports

Finance, Audit, and Investment Committee. Regent Brandon reported that the committee had met that morning.

Annual Report of Investments. Regent Brandon noted that the agenda had included a meeting with Erik Lundberg, chief investment officer, who is responsible for oversight of the

University's \$5.4 billion in financial assets. Mr. Lundberg presented the annual investment report as of June 30, 2003. He noted that two-thirds of the financial assets are in the Long Term Portfolio, and the remaining portion is in shorter-term, cash management accounts. Mr. Lundberg reported that the Long Term Portfolio investment return for the one-year period ending June 30, 2003 was a positive 5.4%, which is noteworthy considering the difficulties of the financial markets over the past several years. Over a five-year time period, the Long Term Portfolio outperformed every benchmark in every asset class, and had a total return of 9.2%, which also outperformed its benchmarks. Measuring the five-year returns versus those of the endowment universe, the University is in the top portion of the top quartile. Regent Brandon praised the outstanding short-term, near-term, and long-term results achieved by Mr. Lundberg and his team. He noted that the annual investment report is on file in the Office of the Vice President and Secretary of the University.

External Audit Report. Regent Brandon reported that the committee had met with Darryl Burks and Bill Stulginski of PricewaterhouseCoopers (PWC) for a final review of the audit results for the year ending June 30, 2003. They had also met with University officials who work with the auditing firm, including Tim Slottow, executive vice president and chief financial officer; Cheryl Soper, controller; and Russ Fleming, manager of financial reporting. Regent Brandon announced that the results of the audit of the University of Michigan financial statements for the year ended June 30, 2003 were found to be in accordance with generally accepted auditing standards. Furthermore, the scope was consistent with previous discussions with the committee, which was to obtain reasonable but not absolute assurance about whether the financial statements were free from material misstatements. PricewaterhouseCoopers reported that it had received complete access to all necessary records, documents, and information, and that it had received full cooperation from

University employees. In addition, no material weaknesses were found in any internal controls. There were no management comments resulting from the audit that would require communication to the Regents, and PWC planned to issue an unqualified opinion of the 2003 financial statements. The entire audit report is on file in the Office of the Vice President and Secretary of the University.

Regent Brandon noted that the Finance, Audit and Investment Committee had met privately with the PWC auditors to learn whether they had any concerns or whether there were irregularities in the way the audit was conducted or in the interaction with management. The auditors reported that there were no irregularities and they had no concerns.

Information Technology Security. Regent Brandon reported that the committee had met with staff members with responsibility for information technology security: Laura Patterson, associate vice president for administration information systems, and Paul Howell, senior systems research programmer, who is a computer security expert. Items discussed included all of the challenges involved with information technology security in higher education and an update on the status of the University's disaster recovery plans. He stated that as a result of the meeting, the Regents have a great deal of confidence in the attention being paid to these areas, although it is an area that will continue to require a good deal of attention.

Internal Audit Report. The committee met with Robert Moenart, executive director of University audits, and received an update on all internal audits that occurred in the period July 3, 2003 through September 30, 2003. They also met with him alone to determine whether there are any irregularities or problems in support received from management, and none were reported.

Compensation and Personnel Committee. Regent Maynard commented that the committee had met and is reviewing reference materials on the evaluation process. It also established a meeting schedule and agenda topics through June 2004.

The Regents then turned to the regular agenda.

Consent Agenda

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

Reports. Executive Vice President Slottow submitted the Plant Extension Report, the Human Resources and Affirmative Action Report, and the Regents' Report on Non-Competitive Purchases over \$5,000 from Single Sources, July 16, 2003 through September 15, 2003.

Litigation Report. The Regents received the Litigation Report.

Research Report. Vice President Ulaby submitted the report of Projects Established, September 1 - September 3, 2003.

University of Michigan Health System. Executive Vice President Kelch commented that on October 6 and 7, 90 quality improvement teams had presented their work at University Hospitals, with very impressive accomplishments and ideas. He also noted that construction of the steel infrastructure of the Biomedical Sciences Research Building was almost complete, and that site preparation work had begun on the Cardiovascular Center. He called attention to the recommended appointment of Dr. James Carpenter as chair of the Department of Orthopaedic Surgery. Dr. Kelch also reported that the first quarter financial report for the Hospitals and Health Centers are very positive, at \$4 million above budget.

Division of Student Affairs. Vice President Harper had no additional report.

University of Michigan-Dearborn. Chancellor Little reported on the self-study process that had culminated in a visit to campus from the accreditation team. The informal feedback from the team was extremely positive, especially with regard to support for the campus by external constituent groups; excellent facilities; and establishing and maintaining relationships with

regional constituents. He also commented on the impact of the campus's engineering programs on the automotive and manufacturing sectors in southeast Michigan. He called attention to the recommended appointment of Tom Baird as vice chancellor for institutional advancement.

University of Michigan-Flint. Chancellor Mestas introduced Dr. Kristen Skivington, director of university outreach, who moderated a panel of students and faculty highlighting academic service learning activities and experiences on the Flint campus and how they had changed the lives of those participating in these activities.

Voluntary Support. Vice President May submitted the Reports on Voluntary Support as of September 30, 2003

Personnel Actions/Personnel Reports. Provost Courant submitted a number of personnel actions and personnel reports.

Retirement Memoirs. Vice President Tedesco submitted two retirement memoirs.

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

Degrees. Provost Courant submitted for approval the August 2003 Doctoral Degree List, final degree lists for May and August 2003 Commencements, and changes to previously approved degree lists.

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

Annual Report of Investments

The Regents received the Annual Report of Investments as of June 30, 2003.

The University of Michigan Financial Statements for the Year Ended June 30, 2003

On a motion by Regent Brandon, seconded by Regent Deitch, the Regents unanimously approved adoption of the audited financial statements for the year ended June 30, 2003, that had

been distributed at the September 2003 meeting. Executive Vice President Slottow called attention to the annual financial report that is provided to donors and other constituents. President Coleman noted that Robert Moenart, executive director of University audits, would be retiring in January 2004 following 32 years of service. Mr. Moenart, who was present, received a round of applause.

Alternative Asset Commitments

On a motion by Regent Brandon, seconded by Regent McGowan, the Regents unanimously approved commitment of \$10 million from the Long Term Portfolio to Carmel Partners Investment Fund, L.P., a real estate fund.

Distressed Debt Investments

On a motion by Regent McGowan, seconded by Regent White, the Regents unanimously approved commitment of \$30 million from the Long Term Portfolio to Vårde Fund VII, L.P., a distressed securities fund.

Private Equity Investment (*Close Brothers Private Equity Fund VII, L.P.*)

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved commitment of up to £10 million from the Long Term Portfolio to Close Brothers Private Equity Fund VII, L.P., a private equity fund that will invest in U.K. mid-market companies.

Private Equity Investment (*TPG Partners IV, L.P.*)

On a motion by Regent Deitch, seconded by Regent McGowan, the Regents unanimously approved commitment of up to \$20 million from the Long Term Portfolio to TPG Partners IV, L.P., a private equity fund that will invest in large, U.S. and European leveraged transactions. Regent Brandon recused himself from voting on this recommendation due to a conflict of interest.

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

Executive Vice President Slottow introduced Terry Sargent, of the firm Lord, Aeck & Sargent, to present the schematic design for phase two of the Science and Engineering Expansion and Renovation Project. Mr. Sargent displayed a map and photographs of the existing campus buildings that the new structure will tie into, and a site plan for the new building. He described the interior floor plan and showed schematics and illustrations of the building's interior and exterior. Chancellor Little commented that the design has been very carefully considered and has been well received by the engineering faculty. It was noted that state funding will cover 75% of the cost of this project.

On a motion by Regent Deitch, seconded by Regent Richner, the Regents unanimously approved the schematic design for the University of Michigan-Dearborn Engineering Building Expansion and Renovation, Phase Two of the Science and Engineering Expansion and Renovation Project, as presented at the meeting.

Alumni Memorial Hall Museum of Art Addition and Renovation

President Coleman commented about how important the Art Museum is to the University's academic mission, the campus community, and the region. She pointed out that the expansion and renovation of the Art Museum is one of the priorities of the upcoming capital campaign, and will be funded primarily through private gifts. President Coleman noted that the museum's collections and programs have grown far beyond its capacity; current space is not nearly adequate for properly exhibiting, archiving, and caring for the bulk of the collections. She pointed out that the new and renovated space will also benefit the central campus by providing additional classroom space for undergraduate education.

Executive Vice President Slottow noted that extensive due diligence has been conducted in the recommendation for the appointment of Allied Works Architecture for design of the project. He noted that James Steward, director of the Art Museum, would soon be announcing several leadership gifts for this project.

Regent Brandon moved approval of the Alumni Memorial Hall Museum of Art Addition and Renovation Project as described and authorized commissioning Allied Works Architecture for its design. Regent Deitch seconded the motion and it was approved unanimously.

Wolverine Tower Replace Chilled Water System

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved a project for replacing the chilled water system at Wolverine Tower 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.

Medical Science Building I - Replace Twin Elevators

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved the Medical Science I Building - Replace Twin Elevators project as described, 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 (UMHHC) Med Inn Electrical Substation Replacement Project

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved the UMHHC Med Inn Electrical Substation Replacement Project as described, 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 (UMHHC) C.S. Mott Children's Hospital Operating Room/PACU Expansion and Pediatric MRI Project

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved the UMHHC Operating Room/PACU Expansion and Pediatric MRI Project as described, 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 noted that the agenda includes 12 conflict of interest items, each of which requires 6 votes for approval. She said that these 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. Regent Richner asked for clarification of the lease agreement with Altarum. Executive Vice President Slottow responded that the conflict of interest occurs in this agreement because Vice President Ulaby is on the board of directors of Altarum. In addition, a unit of the University is leasing space from a facility that is part-owned by Altarum, and the Office of the Vice President for Research is paying a portion of that lease. It was noted that Altarum is a non-profit company in Ann Arbor formerly known as ERIM, which many years ago had been part of the University.

There being no requests for individual consideration or recusal, on a motion by Regent Taylor, seconded by Regent White, the Regents unanimously approved each of the following items.

Purchasing Contract with NotABook Publishing, Inc.

The Regents approved a purchasing contract with NotABook Publishing, Inc. Because Lewis Kleinshmith is a University of Michigan employee and is also an employee and treasurer of NotABook Publishing, Inc., this contract falls under the State of Michigan Conflict of Interest Statute. The following information is provided in accordance with statutory requirements:

1. The parties to the contract are the Regents of the University of Michigan and its Department of Psychiatry and NotABook Publishing, Inc.
2. The services provided are consulting services for conducting focus group interviews for a total dollar amount of \$17,190.00.
3. The pecuniary interest arises from the fact that Professor Lewis Kleinsmith, a University of Michigan employee, is an employee and treasurer of NotABook Publishing, Inc.

Lease Agreement with 3600 Green Court Corporation c/o Altarum

The Regents approved a lease agreement for property located at 3600 Green Court with 3600 Green Court Corporation, c/o Altarum. The Michigan Consortium for Biological Information (MCBI) project occupies 55% of the leased space and is a function affiliated with the Office of the Vice President for Research. Because Fawwaz T. Ulaby is a board member of Altarum and is also a University of Michigan employee, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the lease agreement are the Regents of the University of Michigan and 3600 Green Court Corporation c/o Altarum.
2. The service provided is the lease of 7,227 square feet of building space at 3600 Green Court for three years, beginning June 1, 2002 through May 31, 2005, beginning at a monthly rate of \$10,238.25 and ending at a monthly rate of \$10,840.50. Under the lease agreement, the landlord is responsible for constructing any desired leasehold improvements.
3. The pecuniary interest arises from the fact that Fawwaz T. Ulaby, a University of Michigan employee, is a board member of Altarum.

Purchasing Contract with Valley View Farm

The Regents approved a purchasing contract with Valley View Farm. Because the sole owner of Valley View Farm, Douglas Doop, is also a University of Michigan employee, 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 Pediatric Endocrinology, and Valley View Farm.

2. The service to be provided is boarding and breeding of sheep for the purpose of medical research, for the period beginning September 1, 2003 and ending August 31, 2004, for a total dollar amount of \$25,000.00.
3. The pecuniary interest arises from the fact that Douglas Doop, a University of Michigan employee, is the sole owner of Valley View Farm.

Purchasing Contract with HealthMedia, Inc.

The Regents approved a purchasing contract with HealthMedia, Inc. Because Dr. Victor Strecher is a vice president and stockholder of HealthMedia, Inc. and is also a University of Michigan employee, 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 University Health Service and HealthMedia, Inc.
2. The service provided is an online smoking cessation program, for a time period from October 1, 2003 through September 30, 2004, for a total dollar amount of \$5,000.00.
3. The pecuniary interest arises from the fact that Dr. Victor Strecher, a University of Michigan employee, is also a vice president and stockholder of HealthMedia, Inc.

Research Agreement between the University of Michigan and Accu Therapeutics, Inc. (Further development of inventions)

The Regents approved a research agreement between the University of Michigan and Accu Therapeutics, Inc., for support of a research contract for further development of inventions made by Drs. Marc Lippman, Shaomeng Wang, and Dajun Yang. Because Drs. Lippman, Wang and Yang are all University of Michigan employees who also have an equity interest in Accu Therapeutics, Inc. (“Company”), this contract 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 Accu Therapeutics, Inc.
2. The terms of the proposed Agreement conform to University policy. Dr. Wang will direct the project in the Department of Internal Medicine. Dr. Wang will only participate in the project in his capacity as a University employee. Dr. Yang plans to leave the University to work for the company. Dr. Lippman is not participating in the research. The project is expected to continue over a three-year period. The estimated total cost is \$1,000,000 including indirect cost at the applicable industry 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. Drs. Wang, Yang, and Lippman's pecuniary interest arises from their equity interest in Accu Therapeutics, Inc.

License Agreement between the University of Michigan and Accu Therapeutics, Inc. (Practice and commercialize portfolio of inventions)

The Regents approved a license agreement between the University of Michigan and Accu Therapeutics, Inc. to practice and commercialize a portfolio of inventions jointly developed and owned by the University of Michigan and Georgetown University and inventions solely owned by the University of Michigan. The University of Michigan Office of Technology Transfer has an inter-institutional agreement with Georgetown University allowing Michigan exclusive control of the jointly owned technologies and has negotiated and finalized the terms of an exclusive world-wide license agreement with Accu Therapeutics for UM File Numbers 2327, 2328, 2329, 2395, 2396, 2397, 2398, 2399, 2400, and 2682. Because Drs. Marc Lippman, Shaomeng Wang, and Dajun Yang are all University of Michigan employees who are also partial owners of Accu Therapeutics, 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, Georgetown University, and Accu Therapeutics, Inc.

2. Licensing Terms include:

Field of Use: Therapeutics, with the option to add veterinary and diagnostics applications.

Grant: Exclusive to patent rights, nonexclusive to materials and know how.

Patent Costs: Accu Therapeutics will reimburse the University for costs incurred during the license. Back patent costs incurred by Georgetown and Michigan will be reimbursed in two phases: \$50K at signing and the remainder (~\$75K) within 15 months.

Equity: 4% of the outstanding shares at first round of financing of at least \$3.5 million with anti-dilution up to ~\$8 million; 2.66% to be held by the University of Michigan and 1.34% to be held by Georgetown.

Royalties: One percent (1%) of NET SALES on the first two hundred million dollars

(\$200M) of annual NET SALES; Two percent (2%) of NET SALES on all annual NET SALES in excess of two hundred million dollars (\$200M) and less than five hundred million dollars (\$500M); Three percent (3%) of NET SALES on all annual NET SALES in excess of five hundred million dollars (\$500M) and less than one billion dollars (\$1,000M); Five percent (5%) of NET SALES on all annual NET SALES in excess of one billion dollars (\$1,000M).

Performance criteria: Specific milestones must be met in order to maintain the rights granted by the license.

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

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

No use of University services or facilities is obligated under the agreement.

A Sponsored Research Agreement will be put into effect upon execution of the license agreement.

3. The pecuniary interests of Drs. Lippman, Wang, and Yang arises from their ownership interest in Accu Therapeutics. They have waived any personal participation in the sharing of revenue received by the University from the company.

Amendment to License Agreement between the University of Michigan and Learner-Centered Technologies (doing business as [dba] GoKnow)

The Regents approved an amendment to an existing license agreement with Learner-Centered Technologies, LLC (LCT) to add the following UM files from the Office of Technology Transfer to the existing exclusive worldwide license agreement with Learner-Centered Technologies, LLC: File numbers 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, and 2680. Because Professors Elliot Soloway, Ronald Marx, Joseph Krajcik, and Phyllis Blumenfeld are University of Michigan employees and also hold an equity interest in LCT, 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 Learner-Centered Technologies, LLC (LCT).
2. License terms include:

Addition of File No.'s 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 2680 to the existing license agreement. Also, assignment of rights to certain trademarks associated with

many of the files licensed to LCT. All other terms of the license will remain unchanged. Such terms include a royalty of 8% on net sales, 12% of sublicense income and certain business and technology development milestones.

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 Professors Soloway, Marx, Krajcik and Blumenfeld arise from their ownership interest in LCT. All have waived any personal participation in the sharing of revenue received by the University from the company.

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 that includes a subcontract from the University of Michigan to Michigan State University to conduct a portion of the work on a grant whose principal investigator is University of Michigan Professor William Smith. Because Professor Smith also maintains an appointment at Michigan State University (open-ended and without compensation), 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. Under the terms of the agreement, the total award to the University of Michigan will be \$1,726,834. A total subcontract of approximately \$477,000 is planned for Michigan State University covering the period September 1, 2003 through August 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. Professor Smith has no pecuniary interest in the agreement, as his appointment at Michigan State University is without compensation.

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

The Regents approved a research agreement between the University of Michigan and Thromgen, Inc. (hereafter, "Company") involving a subcontract to the University of Michigan for

performance of research under a grant received by the Company. Because Dr. Alvin Schmaier is a University of Michigan employee and is also an owner 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 University of Michigan and Thromgen, Inc.
2. The terms of the agreement conform to University policy. Dr. Kenneth Pienta will direct the SBIR project in the Department of Internal Medicine over a one-year period at an estimated cost of \$75,791. Since this is an SBIR Phase I no indirect costs are included. 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. All appropriate animal use approvals have been obtained for these studies.
3. Dr.Schmaier's pecuniary interest arises from his status as an owner of Thromgen, Inc.

Option Agreement between the University of Michigan and Discera, Inc.

The Regents approved an option agreement between the University of Michigan and Discera, Inc. Because Dr. Clark Nguyen is a University of Michigan employee and also holds an equity interest in Discera, 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 Discera, Inc.
2. The option terms include an option fee of \$2,000 and an option period of 3 months.
3. Dr. Nguyen's pecuniary interest arises from his ownership interest in Discera. He has waived any personal participation in the sharing of royalties received by the University from the company.

Research Agreement between the University of Michigan and GMP Immunotherapeutics, Inc.

The Regents approved a research agreement between the University of Michigan and GMP Immunotherapeutics, Inc. Because Drs. Gary Glick and Anthony Opirari are both University professors and also hold an equity interest in GMP Immunotherapeutics, 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 GMP Immunotherapeutics, Inc.
2. The terms of the proposed Agreement conform to University policy. Dr. Glick will only participate in the project in his capacity as a UM employee and will direct the project in the Department of Chemistry. The project is expected to continue over a five-year period. The estimated total cost is \$1,500,000, including indirect cost at the applicable industry rate. Since research agreements are often amended, the contract includes provisions for changes in time, amount and scope. Standard University 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. Glick's and Dr. Opirari's pecuniary interest arises from their equity interest in GMP Immunotherapeutics, Inc.

Subcontract Agreement between the University of Michigan and Mayaterials Co.

The Regents approved a subcontract agreement between the University of Michigan and Mayaterials Co. (hereafter, "Company") that will allow the Company to subcontract a portion of a research grant to the University of Michigan. Because Dr. Richard Laine is a University of Michigan employee and also the owner 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 University of Michigan and Mayaterials Co.
2. The terms of the Agreement will conform to University policy. The period of performance for the project is nine (9) months and the amount of funding support is \$18,000.00. 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. Laine's pecuniary interest arises from his ownership of Mayaterials Co.

Michigan Student Assembly Report

Mr. Eric Burns, president of the University of Michigan-Flint student government council, addressed the board with a concern about the fact that there are no University-owned vehicles

available for use by University students and employees that allow the transport of individuals in wheelchairs.

Regent Maynard requested that the administration look into this matter and report back to the Regents.

MSA President Angela Galardi reported on the accomplishments of Michigan Student Assembly since the start of the Fall semester.

Regents' Bylaws 5.01, 5.24, and 11.13

Provost Courant commented that this proposal would change the title of the senior research scientist track to the research professor track, and would add a new title of research assistant professor. It would also make these titles available on the Flint and Dearborn campuses. He noted these researchers are on a par with tenure-track faculty members except for the teaching responsibilities, and the new titles would make clearer the independent scholarly work they pursue and the University's expectations of them as scholars. The establishment of the research professor track would enhance recruiting efforts and would clarify the status of these individuals in the eyes of funding agencies.

Vice President Ulaby noted that this proposal has the support of the faculty, deans, and other constituent groups. It would initially affect about 65 people, or about 10% of the individuals currently in either the research scientist or senior research scientist track, who are not part of the tenure-track faculty but whose scholarship and accomplishments are on a par with those faculty. The addition of the "research assistant professor" title completes the proposal, making the entire track parallel to that of the tenure track faculty.

President Coleman expressed her strong endorsement of this proposal.

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved revisions to Regents' Bylaws 5.01, 5.24, and 11.13. The revised bylaws are below.

Sec. 5.01. Definitions

As used in these bylaws:

1. The term faculty shall include members of the teaching and research staff together with the executive officers, the directors of various teaching, research, and library units, research associates, curators, and persons with similar duties.
2. The term professorial staff shall include professors, associate professors, and assistant professors.
3. The term governing faculty, when used in connection with a school or college, shall include those members of the school or college who are professors, associate professors, and assistant professors. The governing faculty shall include instructors and lecturers who hold appointments of one-half time or more; provided, however, that such instructors and lecturers may vote at faculty meetings only if they have held appointments for one or more years and are authorized to vote by a majority of the professorial staff of the appropriate school or college. The governing faculty may include clinical professors, clinical associate professors, clinical assistant professors, research scientists, associate research scientists, assistant research scientists, research investigators, research professors, research associate professors, and research assistant professors when authorized by, and in accordance with, the policies and bylaws of the appropriate school or college.
4. The term teaching staff shall include professors, associate professors, assistant professors, instructors, lecturers, and teaching fellows.
5. The terms teaching fellow, teaching associate, teaching assistant, student assistant, research assistant, technical assistant, laboratory assistant, and assistant shall be used to designate junior appointees who participate in the processes of teaching and research but do not possess faculty rank. Students in these classifications shall have student status.
6. The term university year, as used in connection with appointments of members of the faculty and other personnel, contains any two terms in the calendar, as defined for the year in question. Faculty members are expected to participate in orientation, registration, and commencement.

Sec. 5.24. Research Scientists and Research Professors

1. Research Scientists. An academic or research unit may appoint research scientists to support the research activities of the University if a policy to authorize such appointments has been adopted by the school, college, division, or research unit in accordance with the bylaws of that unit and has been approved by the vice president for research.

Research scientist appointments are not appointments to the tenured or tenure-track instructional faculty. The following titles may be used for research scientist appointments: research scientist, associate research scientist, assistant research scientist, and research investigator. Further definition of the rights and responsibilities of research scientists, not inconsistent with the Bylaws of the Board of Regents, may be addressed by the bylaws of the academic or research units.

Research scientist appointments and promotions are recommended by the appropriate instructional unit and school, college, division, or research unit and are approved by the vice

president for research, the chancellor (Dearborn or Flint), and the president.

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

2. Research Professors. An academic or research unit may appoint research professors to support the research activities of the University if a policy to authorize such appointments has been adopted by the school, college, division, or research unit in accordance with the bylaws of that unit and has been approved by the vice president for research and the appropriate provost.

Research professor appointments are not appointments to the tenured or tenure-track instructional faculty. The following titles may be used for research professor appointments: research professor, research associate professor, and research assistant professor. Further definition of the rights and responsibilities of research professors, not inconsistent with the Bylaws of the Board of Regents, may be addressed by the bylaws of the academic or research units.

Research professor appointments and promotions are recommended by the appropriate instructional unit and school, college, division, or research unit and are approved by the vice president for research, the appropriate provost, the chancellor (Dearborn or Flint), and the president.

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

Sec. 11.13. The Medical School: The Executive Faculty

The executive faculty shall consist of all faculty members of the rank of professor, associate professor, assistant professor, clinical professor, clinical associate professor, clinical assistant professor, research professor, research associate professor, research assistant professor, and assistant research scientist. The executive faculty shall also include instructors, clinical instructors, and lecturers who have appointments of halftime or more and who have been appointed for more than one year. It shall perform the duties assigned to the governing faculties of other schools and colleagues.

There being no further business, the meeting was adjourned at 3:40 p.m. The next meeting will be held November 20, 2003.