

FEBRUARY MEETING, 2004

*The University of Michigan
Ann Arbor
Thursday, February 19, 2004*

The Regents convened at 2:40 p.m. in the Regents' Room. Present were President Coleman and Regents Brandon, Deitch, Maynard, McGowan, Newman, 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 Taylor was absent.

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

Public Comments

The Regents heard comments from the following people, on the topics indicated. The following five individuals spoke about Lecturers Employee Organization negotiations: Saamir Rahman, student, representing Students Organizing for Labor and Economic Equality; F. Kenneth Chaves, president, U of M Skilled Trades Union; Luis Martin-Cabrera, student and member of Graduate Employees Organization; Ian Robinson, co-chair of organizing committee, Lecturers Employee Organization; and Charles Bright, faculty member. The other speakers were Mia White, student, representing Our Voices Count, and David Boyle, alumnus, on proposed changes to the Sexual Assault Prevention and Awareness Center (SAPAC); and Jim Mogensen, citizen, on the town-gown relationship.

President's Opening Remarks

President Coleman commented on noteworthy student, faculty, and staff accomplishments and recognition during the past month.

Committee Reports

Finance, Audit, and Investment Committee. Regent Brandon reported that the committee had met that morning. They had an update on the University Press and on the Life Sciences Institute, and received a written report on M-Care. There also was continuation of the ongoing discussion about the state budget process and its implications for the development of the University's General Fund budget for FY2005.

Compensation and Personnel Committee. Regent Maynard reported that as part of the committee's responsibility to conduct an annual evaluation of President Coleman, they spent time discussing with the president the process for review of the 2003-04 goals and assessing progress toward those goals.

The Regents then turned to the regular agenda.

Consent Agenda

Minutes. Vice President Tedesco submitted for approval the minutes of the meeting of January 15, 2004.

Reports. Executive Vice President Slottow submitted the Investment Report, Plant Extension Report, and the 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, January 1 - January 31, 2004.

University of Michigan Health System. Executive Vice President Kelch called attention to the recommendation for the appointment of Dr. David Fink as chair of the Department of Neurology.

Division of Student Affairs. Vice President Harper noted that the Michigan League is celebrating its 75th anniversary and the Michigan Union is celebrating its 100th anniversary, and that the directors of each facility, and the director of University Unions, were in attendance. She introduced Benjamin Taylor Moerman, third-year student and chair of the Michigan Union Board of Representatives, who gave a personal perspective on what the Michigan Union means to him, and a presentation on the history and significance of the Michigan Union and Michigan League.

University of Michigan-Dearborn. Chancellor Little called attention to a recent collaboration between the University Musical Society and the School of Education on the Dearborn Campus. He also described a collaboration with New Detroit, involving a series of programs dealing with “conversations about race.”

Regent McGowan commented that she and Regent Maynard had earlier participated in bestowing the 2004 Sarah Goddard Power Awards, one of which was awarded to Marilee Benore Parsons, associate professor of biology and biochemistry at the University of Michigan- Dearborn, for her efforts in encouraging women and girls in scientific pursuits.

University of Michigan-Flint. Chancellor Mestas reported that the campus is in the process of developing a strategic plan, which is an extremely important undertaking given the current campus situation. He also called attention to an upcoming performance by the UM-Flint Wind Symphony Orchestra of Aaron Copeland’s “Lincoln Portrait,” noting that he would be portraying Abraham Lincoln.

Michigan Student Assembly Report. Ms. Monique Perry, vice-president of Michigan Student Assembly, noted that she had participated in the recent “Diversity Summit.” She said that students would like to be informed about the results of the executive session, and urged administrators to make the minutes available and inform students about the discussions that occurred. Students are concerned about the preliminary drop in enrollment numbers among minority applicants, and about climate issues identified at the summit. They would like feedback as to whether and how these issues were addressed at the executive session.

Regent McGowan thanked Ms. Perry for raising this concern, and requested that the feedback from the executive session be shared with the board and the broader University community in a timely fashion.

Voluntary Support. Vice President May updated the Regents on the status of campaign planning and implementation. He announced that the title of the campaign will be “The Michigan Difference,” and gave examples that describe “the Michigan difference.” He also listed the five categories of support, or themes, that have been identified for the campaign: 1) fulfill the promise of science and technology; 2) enrich the student experience; 3) inspire a life of arts and culture; 4) advance health and society’s well-being; 5) prepare leaders for the local and global community. He announced that the campaign kickoff is scheduled for May 13-14, 2004.

Personnel Actions/Personnel Reports. Provost Courant submitted a number of personnel actions and personnel reports. He called attention to the recommendation for the appointment of Frank J. Ascione as dean of the College of Pharmacy and the appointment of five Arthur F. Thurnau professors.

Executive Vice President Slottow called attention to the recommendation for the appointment of Margaret E. (“Peggy”) Norgren as associate vice president for finance.

Retirement Memoirs. No retirements of active faculty members were reported to the Regents this month.

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

Degrees. Provost Courant submitted for approval the December 2003 doctoral degree list, final degree lists for the December 2003 commencement, and changes to previously approved degree lists.

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

Parking Rate Increase and Annual Parking Maintenance Program

Executive Vice President Slottow submitted for information faculty and staff parking rates for FY 2004, and planned rate increases for the following three years.

Alternative Asset Commitments

Executive Vice President Slottow reported that the University had made follow-on investments from the Long Term Portfolio with three previously approved alternative asset partnerships: ComVentures VI, L.P. (\$20.0 million); Silver Lake Partners II, L.P. (\$30.0 million); and TCV V, L.P. (\$30.0 million).

Alternative Asset Commitment

Executive Vice President Slottow reported that the University had made a commitment of \$20.0 million from the Long Term Portfolio as a follow-on investment to SRI Seven REIT.

Alternative Asset Commitment

On a motion by Regent Maynard, seconded by Regent Brandon, the Regents unanimously approved commitment of \$10.0 million from the Long Term Portfolio to Liquid Realty Partners II, LLC.

Absolute Return Investment

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved Prospect Harbor Credit Partners with initial funding of up to \$50.0 million. Regent Brandon recused himself from voting due to a conflict of interest.

Equity Management

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved a change in mandate for Capital Guardian Trust, an investment manager for non-U.S. equities in both developed and emerging markets, to one with an enlarged scope with a global mandate that also includes U.S. equities as well.

Building Naming (Gerald R. Ford School of Public Policy Building)

On a motion by Regent McGowan, seconded by Regent Newman, the Regents unanimously approved designating the new Gerald R. Ford School of Public Policy building as Joan and Sanford Weill Hall.

Ford Nuclear Reactor Decommissioning Project

Executive Vice President Slottow reported that much background work has already been done in preparation for proceeding with the decommissioning of the Ford Nuclear Reactor. It was noted that funding is available to cover current projects that involve the nuclear reactor, enabling faculty to get their needs met at other facilities. The decommissioning plan will be submitted to

the Nuclear Regulatory Commission (NRC) this spring, he noted, and it is anticipated that the NRC will take six-twelve months for review. Once approved, the actual decommissioning process will take approximately 18 months. On a motion by Regent McGowan, seconded by Regent Brandon, the Regents unanimously approved the Ford Nuclear Reactor Decommissioning Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Madison Building Third Floor Renovations

On a motion by Regent Newman, seconded by Regent Richner, the Regents unanimously approved the Madison Building Third Floor Renovations Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget. After the renovations have been completed, the Law School development staff, currently housed in 730 S. State Street, will move into the Madison Building, and the building at 730 S. State will be demolished to prepare the site for the eventual construction of the Gerald R. Ford School of Public Policy Building.

Palmer Field Reconstruction of Eight Tennis Courts

On a motion by Regent Newman, seconded by Regent White, the Regents unanimously approved the Palmer Field Reconstruction of Eight Tennis Courts Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Michigan Stadium 2004 Concrete Repairs

On a motion by Regent Maynard, seconded by Regent Deitch, the Regents unanimously approved the Michigan Stadium 2004 Concrete Repairs 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) Reproductive Endocrinology and Infertility Program and Perinatal Assessment Center

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved relocating the UMHHC Reproductive Endocrinology and Infertility (REI) Program and Assisted Reproductive Technology (ART) Lab to Briarwood I from Mott Children's Hospital, and expansion of the Perinatal Assessment Center (PAC) at Mott Children's Hospital upon completion of the REI Program/ART Lab relocation. Approval was also given for 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 8 conflict of interest items, each of which requires 6 votes for approval. On a motion by Regent Deitch, seconded by Regent Brandon, the Regents unanimously approved each of the following items:

Lease Agreement with Traverwood III LLC

The Regents approved a lease agreement for property located at 2025 Traverwood to be leased from Traverwood III LLC, for research programs in the Department of Psychiatry. Because William C. Martin, a University employee, would be a party to the lease agreement because he is a member of Traverwood III LLC, 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 Traverwood III LLC.
2. The service to be provided is the lease agreement of 27,443 square feet of building space at 2025 Traverwood for five years, beginning April 1, 2004 through March 31, 2009, beginning at a monthly rate of \$48,025 and ending at an estimated monthly rate of \$54,052.

Under the lease agreement, the leasehold improvements will be constructed directly by the landlord and reimbursed by the University. The leasehold improvements total \$325,000.

3. The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is a member of Traverwood III LLC.

Lease Amendment with William C. Martin (*Institutional Review Board office space*)

The Regents approved a re-negotiated lease agreement for property located at 540 E. Liberty Street to be leased from William C. Martin, in which the Institutional Review Board (IRB) offices will be assuming 4,488 square feet of the space currently leased for the School of Social Work. Because William C. Martin, a University of Michigan employee, is also the owner of the property, this lease amendment 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 William C. Martin.
2. The service to be provided is the lease agreement of a building at 540 E. Liberty for fifteen years, beginning March 1, 2004 through February 28, 2019, beginning at a monthly rate of \$7,200. This monthly rate will be fixed for the first five years and increased every March thereafter based upon the Consumer Price Index. Under the lease, any desired minor leasehold improvements are constructed directly by the landlord and reimbursed by the University with the exception of paint and carpet.
3. The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is the owner of the property.

Lease Amendment with William C. Martin (*School of Social Work space*)

The Regents approved a lease agreement for property located at 540 E. Liberty to be leased from William C. Martin, involving space to be occupied by the School of Social Work. Because William C. Martin, a University employee, is also the owner of the property, this lease amendment 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 William C. Martin.

2. The service to be provided is the lease amendment of a building at 540E. Liberty for eighteen months, beginning March 1, 2004 through August 31, 2005, beginning at a monthly rate of \$2,407 and increased in September 2004 based upon the Consumer Price Index. Under the lease, any desired minor leasehold improvements are constructed directly by the landlord and reimbursed by the University.
3. The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is the owner of the property.

Subcontract Agreement between the University of Michigan and NanoBio Corporation

The Regents approved a subcontract agreement between the University of Michigan and NanoBio Corporation for a project involving development and testing of nanoemulsions for various decontamination purposes, with Dr. Kent Johnson, professor of pathology, as principal investigator for the University. Because the part owner, president, chief operating officer, chairman of the board, and chief science officer of NanoBio Corporation, Dr. James R. Baker, Jr., 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. Parties to the agreement are the University of Michigan and NanoBio Corporation.
2. The terms of the proposed agreement conform to University policy. Dr. Kent Johnson, professor in the Department of Pathology, will be the principal investigator for the subcontract at the University to be conducted over at least a one-year period at an estimated cost of \$342,000 including indirect costs at full federal indirect cost (53%). 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. Baker's pecuniary interest arises from his capacity as an officer of NanoBio Corporation.

Option Agreement between the University of Michigan and Ablation Frontiers

The Regents approved an option agreement with Ablation Frontiers, to further develop a device invented by Dr. Hakan Oral and Dr. Fred Morady, known as "Ablation Catheter for Treatment of Atrial Fibrillation." Because Drs. Oral and Morady, both University of Michigan

employees, also hold an equity interest in Ablation Frontiers, 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 Ablation Frontiers.

2. Option terms include:

Field of use: Therapeutic applications

Grant: Exclusive for 6 months

Patent Expenses: Ablation Frontiers will reimburse UM's back patent expenses and pay expenses incurred during the option.

Exercise: Prior to OTT entering into license negotiations, Ablation Frontiers will need to demonstrate:

- i. an identified and committed, experienced and capable management team,
- ii. an appropriate commercialization strategy, and
- iii. a capitalization plan indicating sufficient access to capital to enable the commercialization plan to be executed.

The University will retain ownership of the optioned 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 Drs. Oral and Morady arises from their ownership interest in Ablation Frontiers. They will waive 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 Rubicon Genomics, Inc.

The Regents approved an amendment to a license agreement with Rubicon Genomics, involving the University's acceptance of additional shares of stock in lieu of payment of \$100,000 of milestone fees that are due to the University. Because Dr. Vladimir L. Makarov and Dr. John Langmore, the inventors involved in the license agreement and University of Michigan employees, also hold an equity interest in Rubicon Genomics, 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 and Rubicon Genomics, Inc.

2. Contract terms include that the University will obtain additional shares in Rubicon Genomics, Inc.
3. The pecuniary interests of Dr. Langmore and Dr. Makarov arise from their ownership interest in Rubicon Genomics. They have waived any personal participation in the sharing of revenue received by the University from the company.

Materials Evaluation Agreement between the University of Michigan and NanoBio Corporation

The Regents approved a materials evaluation agreement between the University of Michigan and NanoBio Corporation under which NanoBio Corporation will provide Dr. Christine Sedgley a nanoemulsion for use in a research project. Because Dr. James Baker, CEO and CSO of NanoBio Corporation, 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. Parties to the agreement are the University of Michigan and NanoBio Corporation.
2. The terms of the agreement conform to University policy. The period of performance for the use of the materials is four (4) months and there is no funding involved.
3. Dr. Baker's pecuniary interest arises from his status as CEO and CSO of NanoBio Corporation. He will not be involved in the project at either the University of Michigan or at NanoBio Corporation.

Subcontract Agreement between the University of Michigan and Michigan Aerospace Corporation

The Regents approved a subcontract agreement between the University of Michigan and Michigan Aerospace Corporation to provide mechanical design and mechanical engineering, as requested, in conjunction with a contract received by the University from the Jet Propulsion Laboratory-NASA for the project "Phoenix Meteorology (MET) Experiment." Because Dr. Lennard Fisk, a University of Michigan employee, is also owner of 50% of the stock of Michigan Aerospace Corporation, 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 Aerospace Corporation.
2. The terms of the agreement conform to University policy. The period of performance is from January 1, 2004 through July 31, 2007, and the amount of the agreement to Michigan Aerospace Corporation is not to exceed \$300,000. 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. Fisk's pecuniary interest arises from his status as partial owner of Michigan Aerospace Corporation. He is not involved in the project at either the University of Michigan or at Michigan Aerospace Corporation.

Membership Agreement between the Center for Wireless Integrated Microsystems (WIMS) at the University of Michigan and Sensicore

The Regents approved an agreement allowing Sensicore to enter into a consortium membership in the WIMS Center at the University of Michigan. Because Richard B. Brown, a University of Michigan employee, also is on the Sensicore Technical Advisory Board, is a stockholder in Sensicore, and consults for Sensicore, 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's Center for Wireless Integrated Microsystems (WIMS) and Sensicore.
2. The partnership agreement conforms to University policy. It has no specific deliverables unique to Sensicore.
3. Dr. Brown's pecuniary interest arises from his status as a member of the Sensicore Technical Advisory Board, a stockholder in Sensicore, and consultant for Sensicore.

Henry Russel Awards for 2004

President Coleman informed the Regents that the Henry Russel Award Selection Committee had selected three faculty members to receive Henry Russel Awards for 2004: Todd M. Austin, associate professor of electrical engineering and computer science; Brian D. Conrad,

associate professor of mathematics; and Lorna D. Goodison, associate professor of English Language and Literature and associate professor of Afroamerican and African studies.

There being no further business, the meeting was adjourned at 4:10 p.m. The next meeting will be held March 18, 2004.