

APRIL MEETING, 2005

*The University of Michigan
Ann Arbor
Thursday, April 21, 2005*

The Regents convened at 2:15 p.m. in the Regents' Room. Present were President Coleman and Regents Brandon, Deitch, Maynard, McGowan, Newman, Richner, Taylor, and White. Also present were Provost Courant, Vice President Harper, Executive Vice President Kelch, Vice President Krislov, Chancellor Little, Chancellor Mestas, Vice President Rudgers, Executive Vice President Slottow, Vice President Ulaby, and Vice President Wilbanks. Vice President May was absent.

Call to Order

President Coleman called the meeting to order and called attention to some agenda items that speak to the future of the University's research and clinical care. The most noteworthy of these is the recommendation for a replacement facility for the C.S. Mott Children's and Women's Hospitals. She noted that even though C.S. Mott Children's Hospital is noted for its exceptional quality of care, the current facility is 35 years old and is coping with insufficient and outdated space, and said "it is time for the quality of facilities to again match the quality of medical care." President Coleman also announced that the Mott Foundation had announced plans to donate \$25 million, its largest grant ever, to this project, and noted that Regent Brandon and his wife Jan are co-chairing the fundraising campaign along with Coach Lloyd Carr and Laurie Carr.

President Coleman also commented on the recommendation for establishment of a research institute focused on nanotechnology, to be directed by Dr. James Baker. She noted that

this technology is a focus of future NIH funding and also leverages the University's major overall investments in the life sciences.

Committee Reports

Finance, Audit and Investment Committee. Regent Brandon reported that he and committee members White and Taylor had met that morning and had considered several topics. These included an update from the Athletic Department on its 5-year strategic operating and capital expenditure plans and a Sarbanes-Oxley "gap" analysis as part of ongoing efforts to make sure that financial accounting practices follow appropriate "best practices" outlined in the Sarbanes-Oxley legislation. The committee had received written reports on the financial performance of the Hospitals and Health Centers (HHC) and of M-Care. He noted that for the third quarter, the HHC operating margin is 4.9%, which is ahead of last year and ahead of budget. He praised the HHC leadership for the "phenomenal job" they are doing. Regarding M-Care, the report was positive, with membership numbers and net income both being positive to budget.

Personnel, Compensation and Governance Committee. Regent Maynard reported that she, along with committee members Deitch and Richner and Regent McGowan, had considered two agenda items: the regular, periodic evaluation of the president, and an update on ongoing dean searches.

Benefits Update: 2005 and Future Strategies

Executive Vice President Slottow noted that a faculty-led committee had made a number of recommendations on health benefits offerings, and Associate Vice President Laurita Thomas would be presenting an analysis of open enrollment data in the first year following implementation of the major changes in benefits.

Ms. Thomas described health insurance policy changes that had been made in calendar year 2004, which included for the first time a co-pay for single-person coverage and a new category of coverage for employees. The fourth category of coverage is for one adult and any number of children, and has resulted in significant savings for the more than 4,000 employees who chose this option.

Ms. Thomas described other plan and policy changes that had resulted in significant cost savings, both for employees and for the University. She reported that the rate increases imposed in 2005 for medical and prescription drug coverage was far below that experienced nationally. Benefit strategies for 2006 and beyond will focus on providing quality, cost-competitive plans for the University and for faculty, staff, and retirees. She noted that the University is committed to providing a choice of health plan options, with a long-term goal of reducing the number of plans while still meeting other benefits strategies.

For 2006, plans are to continue the current, co-premium sharing formula which resulted in savings for over 6,000 employees; to monitor migration patterns; and to monitor prescription drug coverage options being offered by the federal government that may be suitable for retirees. She described other key initiatives in benefits planning for the coming years, which include offering an additional tax-deferred retirement vehicle for employees, evaluating options for prescription drug and life insurance plans, and expanding the use of technology and of on-line benefit enrollments.

Children's and Women's Hospitals Replacement Project

Executive Vice President Kelch commented that the replacement hospital project is the result of a great deal of thoughtful, careful planning over a period of several years. He

introduced Larry Warren, executive director of the University of Michigan Hospitals and Health Centers.

Mr. Warren noted that this project represents a milestone in the life of the medical center. He acknowledged the work of the University of Michigan Hospitals Executive Board, several steering committees, the community advisory board, and a number of individuals in advancing this project to its current state of development. He introduced Ms. Patricia Warner, associate hospital director, to present the proposed project.

Ms. Warner noted that the C.S. Mott Children's Hospital is one of three comprehensive children's hospitals in the state. It has market dominance and is the only institution with state-wide draw. She stated that although the pediatric population is expected to remain flat, officials are confident of the accuracy of the growth assumptions that are reflected in this project. She noted building a new children's and women's facility will serve the overall Health System strategic direction by freeing up the existing Mott facility to allow for clinical expansion of adult facilities. The project provides for a separate pediatric emergency department which will enable much needed expansion of the adult emergency department. Diagnostic radiology services will also be expanded to meet the needs of pediatric and adult services.

Ms. Warner noted that Mott Children's Hospital is one of the finest in the world, and that the University is a designated center of excellence in women's health. New facilities are needed to continue to enhance the hospitals' family-centered care. She pointed out that most of the nation's other comprehensive children's hospitals have either undergone recent renovations or are in the process of doing so. To remain competitive in retaining and recruiting the finest faculty and staff, she noted, "we need the facilities that will allow them to do their work." She

observed that another project objective is to achieve the standards set by current codes, and said that it is difficult to maintain up-to-date equipment and technology in outdated facilities.

Ms. Warner commented that the entire hospital will be HEPA-filtered to provide the cleanest air system possible, and that one unit would be capable of handling a mass infectious disease outbreak for both children and adults.

Ms. Warner said that project planning has been driven by a number of guiding principles: to support the strategic plan of the entire Health System; to design for maximum flexibility and expansion; to plan from the patient and family perspective; to engage diverse, active, participation from many audiences, including faculty and staff, patients and families, students, and others; to design for efficiency, accessibility, flexibility, safety, and comfort; and to be family-centered.

She reviewed the economic assumptions that will be guiding this project, including occupancy rates, length of stay, and inpatient and outpatient growth rates. She pointed out that the projections are conservative and expressed confidence that they will be met. The return on investment is expected to be 4%.

Ms. Warner displayed diagrams illustrating the concept for both the project and the site. She noted that plans assume demolition of the current Women's Hospital, with that site likely to become a transit center for drop-off of faculty and staff. With respect to parking, she noted that construction will remove 313 parking spaces in 2006, and an additional 500 staff spaces in the Mott structure will be changed to patient/visitor parking. But the opening of two other structures currently under construction will provide 735 spaces. Over the long term, plans call for increased use of remote parking facilities for staff and faculty.

The facility will be 1 million square feet, with about 775,000 square feet for the inpatient facility and 225,000 square feet for the outpatient and office portion. The building will be 10 stories high, with the mechanical penthouse on the 11th floor. She reviewed how the bed allocation will be divided among the total of 266 beds. There will be 90,000 square feet of planned shell space. All patient rooms will be single rooms. Ms. Warner also announced that a major feature of the hospital is that it will be paperless.

The total cost of the project is \$498 million. This will be funded from the UMHHC reserves (\$298 million); tax-exempt debt (\$150 million); and philanthropy (\$50 million). The debt service payments will be derived from the UMHHC operating margin. Regarding the amount to be derived from philanthropy, she announced that \$35 million has already been pledged, and all involved are committed to exceeding the \$50 million original goal.

Upon approval of the project, schematic design will begin and will proceed through winter of 2006. Construction is expected to begin in fall 2006, and extend through winter 2010. Opening is targeted for 2011, after all staff receive extensive orientation to assure a smooth transition to the new facility.

Ms. Warner announced that HKS Architects, P.C., is being recommended for this project, and noted that the selection of this firm was the result of an extensive review process.

Executive Vice President Kelch commented that Health System officials have been looking at the needs for the entire system, which is why this project includes elements that go beyond the children's hospital alone and will result in benefits for the entire Health System. He emphasized that this is a self-funded project, funded by resources that have been generated through the productivity of the Health System work force and through philanthropists. He observed that the construction of the new University Hospital in the early 1980s required

significant investment from the state, and this current replacement project, which will be self-funded and the second largest project ever undertaken at the University, can be viewed as a tremendous return on that investment.

Executive Vice President Slottow commented that his staff and UMHHS staff, along with outside consultants, have thoroughly reviewed all financial aspects of this project, and he is confident that the financial assumptions on which the project is based are sound.

Regent Maynard noted that the new University Hospital had been built with state assistance, and at the time, the University had pledged it would not seek any further assistance in such an endeavor. It has lived up to this pledge and she said it was an honorable value.

Regent Deitch raised the question of why the hospital is not slated to open until 2011. It was noted that the design phase would not be finished until winter 2006 and that the site has limited accessibility, making staging and sequencing of construction very important. It is also critical that the existing hospital continues to function during construction, so there are a number of reasons leading to the projected opening of 2011.

Regent Deitch commented that the Regents have supreme confidence in the leadership of the hospital and in the development of this project, due to their dedication and competence.

Regent Brandon recalled that 25 years earlier his identical twin sons had been rushed to Mott Children's Hospital and doctors and nurses had saved their lives. Two of the doctors and one of the nurses still work at the hospital. "Little did I know," he commented, "that 25 years later I would be in a position to move this item on behalf of my wife and my sons and everyone else who believes in this strongly. So it is with a great deal of pride and commitment that I move approval of the University of Michigan Hospitals and Health Centers C.S. Mott Children's and Women's Hospitals Replacement Project as described and authorize commissioning HKS

Architects, P.C. for its design.” Regent Deitch seconded the motion, and it was approved unanimously, with approval indicated by a show of wrists adorned with Mott Hospital wrist bands. A round of applause followed.

Regent Deitch left the meeting at this point, at 3:00 p.m.

Consent Agenda

Minutes. Vice President Krislov, acting as vice president and secretary of the University, submitted for approval the minutes of the meeting of March 17, 2005.

Appointment of Vice President and Secretary of the University. President Coleman announced her recommendation of Sally Jo Churchill as vice president and secretary of the University. Regent McGowan stated that she and President Coleman “are delighted to commend to members of the board this very happy end to a rigorous search.” She noted that the pool had included a number of highly qualified applicants from within the University, and that Ms. Churchill’s portfolio in her current position as assistant general counsel coincides well with areas of interest to the Board. She said that this is a terrific outcome and thanked all who had participated in the process, particularly President Coleman and Regent Brandon, who had devoted a great deal of time and effort to the search process.

Regent McGowan moved the appointment of Sally J. Churchill as vice president and secretary of the University. The motion was seconded and approved by acclamation. A round of applause followed.

Reports. Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report, the Regents Report on Non-Competitive Purchases Over \$5,000 from Single Sources, December 16, 2004 - March 15, 2005, 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, March 1-March 31, 2005. He pointed out that in March 2004, about \$45 million in awards was processed, as opposed to March 2005, when \$177 million was processed. This represents an increase of 290%. Total awards processed to date is up 9.2% from the previous year. These figures support his previously stated prediction that awards will be up by 6% for the current fiscal year.

University of Michigan Health System. Executive Vice President Kelch had no additional report.

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

University of Michigan-Dearborn. Chancellor Little reported that the campus had been undergoing a process of envisioning the future during the past year, and it had culminated in a campus-wide retreat involving 200 people. He stated that he would be reporting next month on a conception of the University of Michigan-Dearborn as a metropolitan university with University of Michigan excellence.

University of Michigan-Flint. Chancellor Mestas reported that the Flint campus' capital campaign, "Imagine: The UM-Flint Difference," had recently been held. The goal is \$30 million. President Coleman and Regent Maynard had participated in the event.

Michigan Student Assembly Report. Jason Mironov, former president of MSA, introduced newly-elected president Jesse Levine. Mr. Levine described MSA's agenda for the coming year, noting that improving the lives of student tenants would be the number one priority. Other priorities include improving services for international students, providing more support for student groups, exploring ways to support the University's commitment to diversity,

helping to improve campus safety, and supporting SOAR, the newly established way to recognize students and student groups, among others. He stated that he plans to continue the path of his predecessor in working collaboratively with the administration.

Voluntary Support. The Report of Voluntary Support for March 2005 was submitted.

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

Retirement Memoirs. Vice President Krislov, acting as vice president and secretary of the University, submitted memoirs for four retiring faculty members.

Memorials. Vice President Krislov, acting as vice president and secretary of the University, reported the death of Phelix B. Hanible, associate university librarian for technical and access services.

President Coleman commented on the recent death of Ardyth “Sally” Fleming, wife of President Emeritus Robben Fleming. She noted how warm and gracious the Flemings had been when she and her husband first arrived at the University, and expressed condolences to the Fleming family on behalf of the University.

Degrees. Provost Courant submitted recommendations for approval of the doctoral degree list for the April 2005 commencement, the final degree list for the Fall 2004 Law School commencement, and changes to previously approved degree lists.

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

The Regents then turned to consideration of the regular agenda.

University Real Estate Policy

Executive Vice President Slottow submitted for information the new University Policy on the Acceptance, Management and Disposition of real estate, which replaces the real estate policies approved by the Regents in 1989 and 1993. He also noted that this policy supplements a new Standard Practice Guide # 601.23 policy on real estate transactions that had been issued on April 11, 2005. Copies of all documents are included as part of the Regents Communication.

INSERT NEW POLICY IN APPENDIX

Fiscal Year 2005 Supplemental Capital Outlay Submission All Campuses

Executive Vice President Slottow reported that in March 2005 the University was asked by the state to submit a supplemental Capital Outlay request for fiscal year 2005. In response, the Ann Arbor campus submitted three renovation projects for funding: Observatory Lodge, Phoenix Memorial Laboratory, and the Student Activities Building. The costs for these three projects will total \$29.5 million. The Flint campus requested one project to renovate French Hall and Murchie Science Building for a total of \$9.35 million. No projects were submitted for the Dearborn campus.

Vice President Wilbanks noted that both the Senate and House had approved the Capital Outlay bill and the governor was expected to sign it very soon. President Coleman expressed appreciation to the state for being willing to providing funding for capital outlay projects during a difficult financial time.

Financial Statements and Reports Pursuant to Federal Office of Management and Budget (OMB) Circular A-133

Executive Vice President Slottow submitted Reports on Federal Awards in accordance with OMB Circular A-133 for the year ended June 30, 2004. The audit of compliance was

conducted by independent auditors, PricewaterhouseCoopers, who found that the University has complied, in all material respects, with the requirements applicable to each of its major federal programs for the year ended June 30, 2004.

Alternative Asset Commitment (*Sankaty Credit Opportunities II, L.P.*)

Executive Vice President Slottow reported that a follow-on investment of \$40.0 million had been made to Sankaty Credit Opportunities II, L.P.

Alternative Asset Commitment (*CVC European Equity Partners IV, L.P.*)

On a motion by Regent Brandon, seconded by Regent White, the Regents unanimously approved a commitment of €25 million from the Long Term Portfolio to CVC European Equity Partners IV, L.P.

Alternative Asset Commitment (*LaSalle Asia Opportunity Fund II, L.P.*)

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved commitment of \$20 million to LaSalle Asia Opportunity Fund II, L.P.

Alternative Asset Commitment (*Blum Strategic Partners III, L.P.*)

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved commitment of \$40 million from the Long Term Portfolio to Blum Strategic Partners III, L.P. Regent Newman recused herself from voting due to a conflict of interest.

Appointment of Auditors

On a motion by Regent Brandon, seconded by Regent Newman, and on the recommendation of the Regents' Finance, Audit and Investment Committee, the Regents unanimously approved the appointment of PricewaterhouseCoopers LLP as external auditors for the 2004-2005 fiscal year.

202 South Thayer Project

Executive Vice President Slottow said that this facility will house three LSA departments currently housed in the Frieze Building as well as the Humanities Institute, currently housed in the Rackham Building. Cost constraints and timing issues have provided significant challenges in planning this project, as planned construction on the Frieze site cannot begin until this building has been completed. He introduced Don Schmitt from Diamond Schmitt Architects.

Mr. Schmitt displayed renderings of the site plan and site location, described the design concept, and reviewed schematic designs for each floor. He displayed renderings of various exterior views of the building. Provost Courant commented on the extraordinary collaborative effort among the academic departments and facilities staff that has resulted in significant acceleration of the normal time frame for planning of a new academic building.

On a motion by Regent McGowan, seconded by Regent White, the Regents unanimously approved the schematic design for the 202 South Thayer Building Project as presented at the meeting, and authorized issuing of the remaining bid packages and awarding construction contracts providing that bids are within the approved budget.

South Campus Power and Telecommunication Duct Extensions

On a motion by Regent Maynard, seconded by Regent Richner, the Regents unanimously approved the South Campus Power and Telecommunications Duct Extensions Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Observatory Lodge Renovation

It was noted that this project is included as part of the Fiscal Year 2005 Supplemental Capital Outlay Request to the State of Michigan. It will be used to provide office and classroom space for the Division of Kinesiology. It was noted that the renovation of this building, which was built in 1930, will be sensitive to the building's historic character, and many of its defining features will be restored. On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved the Observatory Lodge Renovation Project as described and authorized commissioning Einhorn Yaffee Prescott for its design.

Washington Street Utility Upgrade

On a motion by Regent White, seconded by Regent Brandon, the Regents unanimously approved the Washington Street Utility Upgrade Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Donor Pooled Income Fund

Executive Vice President Slottow explained that two technical changes are necessary in the University of Michigan Donor Pooled Income Fund (DPIF). These are described in detail in the Regents Communication. On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously authorized execution of a "Release of Power to Adjust from Principal to Income" and adoption of an amendment to the DPIF Declaration of Trust to change its valuation dates. Both documents are included as attachments to the Regents Communication.

Conflict of Interest Items

President Coleman announced that the agenda includes 11 conflict of interest items, each of which requires 6 votes for approval. On a motion by Regent Brandon, seconded by Regent White, the Regents unanimously approved each of the following items:

Lease Agreement with William C. Martin

The Regents approved a lease with William C. Martin for 3,410 square feet of property on the third level of a building located at 330 East Liberty Street. Because William C. Martin is a University of Michigan employee and also owns William C. Martin, 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 agreement are the Regents of the University of Michigan and William C. Martin.
2. The service to be provided is the lease of a 3,410 square foot in a building at 330 East Liberty Street for fourteen months, beginning May 1, 2005 through June 30, 2006, at a monthly rate of \$6,251.66. Tenant will be responsible for gas and electric usage plus janitorial service. In addition, approximately \$5,000.00 of leasehold improvements will be needed, to be constructed 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 William C. Martin.

Option Agreement between the University of Michigan and NeuroNexus, LLC

The Regents approved an option agreement between the University of Michigan and NeuroNexus, LLC for the following technology files: No. 0953, No. 2533, No. 2728, and No. 2662. Because Professor Daryl Kipke, Professor David Anderson, and Dr. Jamille Hetke are employees of the University of Michigan and also partial owners and officers of NeuroNexus, LLC, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and NeuroNexus, LLC (“NN”).
2. The University will grant NN an exclusive option for 12 months with the ability to extend the terms. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties.
3. The pecuniary interests of Drs. Kipke, Anderson, and Hetke arise from their ownership interest in NN. They have waived any personal participation in the sharing of revenue received by the University from the company.

Subcontract Agreement between the University of Michigan and Mayaterials Co.

The Regents approved a subcontract agreement with Mayaterials Co. (“Company”) through which the Company will fund a project in the College of Engineering. Because Dr. Richard Laine is both a University of Michigan employee and a founder and 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. The parties to the agreement are the University of Michigan and Mayaterials Co.
2. The terms of the agreement conform to University policy. The period of performance for the project is twenty-four (24) months and the amount of funding support is \$600,000.00. The agreement allows amendment by mutual agreement of the parties. University procedures for approval of these changes will be followed and additional review by the Conflict of Interest Review Committee will be done as appropriate.
3. Dr. Laine’s pecuniary interest arises from his status as founder and owner of Mayaterials Co. He will not participate in the project in his capacity as a University employee.

Subcontract Agreement between the University of Michigan and Internet 2

The Regents approved a subcontract agreement between the University of Michigan and Internet 2 through which Internet 2 will provide services under a National Science Foundation grant. Because Dr. Douglas Van Houweling is both a University of Michigan employee and is also president and CEO of Internet 2, 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 Internet 2.
2. The terms of the agreement conform to University policy. The project will be conducted over a one-year period at an estimated total cost of \$34,534 including indirect cost at 30%.
3. Douglas Van Houweling's pecuniary interest arises from his status as president and CEO of Internet 2. He will not be participating in this project either in his capacity as an employee of the University of as an employee of Internet 2.

License Agreement between the University of Michigan and Nanobiologics, LLC

The Regents approved a license agreement between the University of Michigan and Nanobiologics, LLC. Because Professor James Baker and Dr. Tarek Hamouda are both employees of the University and partial owners of Nanobiologics, 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 Nanobiologics, LLC.
2. License terms include giving Nanobiologics an exclusive license with the right to grant sublicenses. Nanobiologics will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties.
3. The pecuniary interests of Drs. Baker and Hamouda arise from their ownership interest in Nanobiologics. They have waived any personal participation in the sharing of revenue received by the University.

Amendment to License Agreement between the University of Michigan and OncoImmune LLP

The Regents approved an amendment to a license agreement between the University of Michigan and OncoImmune LLP. Because Professor Kun-Liang Guan is both a University of

Michigan employee and a partial owner of OncoImmune, 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 OncoImmune.
2. Amendment terms include adding the new technology to the existing exclusive license with the right to grant sublicenses. OncoImmune will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. NO use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional review by the Medical School Conflict of Interest Board will be done as appropriate.
3. The pecuniary interest of Dr. Guan arises from his ownership interest in OncoImmune. He has waived any personal participation in the sharing of revenue received by the University.

Subcontract Agreement between the University of Michigan and Michigan Critical Care Consultants, Inc.

The Regents approved a subcontract agreement between the University of Michigan and Michigan Critical Care Consultants, Inc. which will allow the University to assist with the development of an artificial lung. Because Dr. Robert Bartlett is both a University of Michigan employee and a part owner of Michigan Critical Care Consultants, 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 Critical Care Consultants, Inc.
2. Under the project, a total subcontract of \$467,532 is anticipated to cover the period November 1, 2004, through October 21, 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 of the research. University procedures for approval of these changes will be followed and additional review by the Medical School Conflict of Interest Board will be done as appropriate.

3. Dr. Bartlett's pecuniary interest arises from his status as a part owner of Michigan Critical Care Consultants. He will serve as a co-investigator on the project in his University capacity.

Agreements between the University of Michigan and Sarcoma Alliance for Research through Collaboration

The Regents approved agreements between the University of Michigan and Sarcoma Alliance for Research through Collaboration (SARC). Because Dr. Laurence Baker is both a University of Michigan employee and co-founder, executive director, president, and director of SARC, 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 agreements are the University of Michigan and Sarcoma Alliance for Research through Collaboration (SARC).
2. The terms of the agreements are acceptable and conform to University policy. The amounts of the two agreements to the University are \$17,500 and \$52,500, respectively. The periods of performance are both twelve months. Human subject approval will be obtained prior to commencement of the clinical trials.
3. Dr. Baker receives no compensation from SARC and has no financial interest in SARC. Dr. Baker will serve as a co-investigator for each of the clinical trials to be conducted.

Amendment to License Agreement between the University of Michigan and Molecular Therapeutics, Inc.

The Regents approved an amendment to a license agreement between the University of Michigan and Molecular Therapeutics, Inc. Because Professors Brian D. Ross and Alnawaz Rehemtulla are both employees of the University and partial owners of Molecular 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 and Molecular Therapeutics, Inc.
2. License terms include giving Molecular Therapeutics an exclusive license with the right to grant sublicenses. Molecular Therapeutics will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or

facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional review by the Medical School Conflict of Interest Board will be done as appropriate.

3. The pecuniary interest of Dr. Ross arises from his ownership interest in Molecular Therapeutics. Dr. Ross has waived any personal participation in the sharing of revenue received by the University. Dr. Moffat will share royalties pursuant to the standard University distribution policy.

Option Agreement between the University of Michigan and ViDx, LLC

The Regents approved an option agreement between the University of Michigan and ViDx, LLC. ViDx, LLC, a wholly owned subsidiary of SensiGen, LLC, was formed to commercialize additional technology invented by Dr. Kurnit, known as UM OTT File No. 2909. Because Dr. David M. Kurnit is both a University of Michigan employee and an owner, officer and member of SensiGen, LLC, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements.

1. Parties to the agreement are the Regents of the University of Michigan and ViDx, LLC.
2. Option terms include giving ViDx, LLC an exclusive option with the right to evaluate the invention and to determine whether to negotiate and enter into a license. The University will retain ownership of the optioned technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the option may be amended by consent of the parties involved. University procedures for approval of these changes will be followed and additional review by the Medical School Conflict of Interest Board will be done as appropriate.
3. Dr. Kurnit's pecuniary interest arises from his ownership interest in SensiGen that wholly owns ViDx, LLC. He has waived any personal participation in the sharing of revenue received by the University.

Reassignment Agreement between the University of Michigan and Steven F. Bolling, M.D.

The Regents approved a reassignment agreement between the University of Michigan and Professor Steven F. Bolling for the technology, “Tricuspid Valve Ring for Molding Ventricular Geometry” (UM OTT File No. 3085). Because Professor Bolling is both a University of Michigan employee and also a party to the agreement with the University, 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 Steven F. Bolling, M.D.
2. Reassignment terms include Dr. Bolling being responsible for all patent expenses and paying to the University 15% of royalties, equity, or other value received through subsequent marketing and licensing of the invention.

Dr. Bolling will obtain ownership of the licensed technology and, unless appropriate formal University approvals are obtained, continuing development of the invention will take place without the use of University funds, facilities, or funds administered by the University.

No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract maybe amended by consent of the parties. University procedures for approval of these changes will be followed and additional review by the Medical School Conflict of Interest Board will be done as appropriate.

3. Dr. Bolling’s pecuniary interest arises from his future ownership of the technology.

Michigan Nanotechnology Institute for Medicine and the Biological Sciences

It was noted that this institute brings together researchers in the physical, medical, and biological sciences in support of nanotechnology applications. Regent McGowan commented that this institute is an outstanding example of the University’s leadership in interdisciplinary research, and she moved approval of the establishment of the Michigan Nanotechnology Institute for Medicine and the Biological Sciences and the appointment of Dr. James R. Baker, Jr., as

director, effective May 1, 2005. Regent Taylor seconded the motion, and it was approved unanimously.

Change in Name of the Frederick and Barbara M. Erb Environmental Management Institute

Regent Taylor moved to change the name of the Frederick and Barbara M. Erb Environmental Management Institute to the Frederick A. and Barbara M. Erb Institute for Global Sustainable Enterprise. Regent Brandon seconded the motion. Provost Courant commented that this institute is another example of Michigan's leadership in interdisciplinary studies, as this institute is jointly operated by the Stephen M. Ross School of Business and the School of Natural Resources and Environment.

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

Change in Name of the Mental Health Research Institute

It was noted that the term "neuroscience" was coined by a University of Michigan faculty member, and the proposed name change would better reflect the history, mission, and work of the institute. On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved a change in the name of the Mental Health Research Institute to The Molecular and Behavioral Neuroscience Institute, and a corresponding change in Regents' Bylaw 11.40, effective April 21, 2005.

A five-minute break followed, from 4:05-4:10 p.m.

Public Comments

The Regents heard comments from the following people on the topic of amending the Regents Bylaws to include a nondiscrimination statement regarding gender identity and

expression: Stephen Rassi, student and member of Wolverine Coalition for Human Rights and the Rainbow Network; Steve Sanders, student, and member of Outlaws; Beth Bashert, citizen and director of development and public relations of the Ruth Ellis Center; Andre Wilson, student and co-chair of TransForUM; and Holly Burmeister, student and member of Transgender Michigan. The following individuals spoke on the topic of formation of an investigative committee on University investments in Israel: David Golbahar, student; and Mohammed Jawad Elghoul, Tarek Dika, and Carmel Salhi, students and members of Students Allied for Freedom and Equality. Other speakers included Jim Mogensen, citizen, on the town-gown relationship; Amy Keller, student and former president of the Residence Halls Association (RHA), to introduce the new RHA president; and Jeffrey Huo, student and member of the Galens Medical Society, on the Galens' gift to the Children's and Women's Hospital Replacement Project.

There being no further business, the meeting was adjourned at 5:00 p.m. The next meeting is scheduled for May 19, 2005.