

MARCH MEETING, 2006

*The University of Michigan
Ann Arbor
March 17, 2006*

The Regents convened at 9:25 a.m. in the Regents' Room. Present were President Coleman and Regents Brandon, Deitch, Maynard, McGowan, Newman, Richner, Taylor, and White. Also present were Vice President and Secretary Churchill, Vice President Forrest, Interim Provost Gramlich, Vice President Harper, Executive Vice President Kelch, Vice President Krislov, Chancellor Little, Vice President May, Chancellor Mestas, Vice President Rudgers, Executive Vice President Slottow, and Vice President Wilbanks.

Call to Order

President Coleman called the meeting to order.

WUOM Radio. President Coleman commented that the developments surrounding the University's radio station are of utmost importance, and made the following statement:

The University and Michigan Public Media share a deep commitment to education and the public good. It is the bedrock of our programming. In particular, we are proud of Michigan Radio's award-winning contributions to informing and educating listeners throughout our state. The recently discovered problems with financial controls are completely unacceptable and stand in sharp contrast to the core values of the University of Michigan. University leaders acted immediately upon discovering this information and a thorough audit has been conducted to identify and correct all the problems. I want to assure our supporters that we will take every possible step to insure that this will not happen again. Public radio enjoys a special trust with its listeners and I am committed to maintaining that bond with the supporters of Michigan Radio.

University Faculty and Sabbaticals. President Coleman noted that the issue of faculty sabbaticals had recently made headlines in local newspapers, and that the University needs to provide better explanations of the purpose of sabbaticals to the public. She stated that

sabbaticals are absolutely essential to scholarship, noting that “knowledge does not progress without research, and a sabbatical leave makes possible intensive research and creativity.” Sabbaticals allow faculty uninterrupted time for exhaustive work, which is not possible to do while teaching, conducting on-campus research, and engaging in public service. She gave an example of advances that have been made in AIDS education in Africa and through religious entities by a University faculty member during her sabbatical leave. This experience, which will enhance the knowledge she can impart as a teacher and researcher, will benefit students and society alike.

President Coleman highlighted the achievement of Carolyn Jantsch, a 20-year-old senior in the School of Music, who has been awarded the position of principal tuba with the prestigious Philadelphia Orchestra, making her both the first woman tuba player to sit with a major American symphony orchestra, and the youngest member of this orchestra. Regent McGowan agreed that this is an astonishing accomplishment for this young woman.

President Coleman also commented on the University’s recently announced initiative to expand its outreach efforts to community college transfer students from low and moderate income families.

Regent Deitch thanked President Coleman for her leadership in moving forward on the Michigan Radio matter, and also commended the efforts by the Regents’ Finance, Audit and Investment Committee, chaired by Regent Brandon and including Regents White and McGowan. The committee’s work has been very important in ensuring public trust in the Regents’ governance of the University.

Presentation: Gerald R. Ford School of Public Policy

President Coleman introduced Rebecca Blank, dean of the Gerald R. Ford School of Public Policy.

Dean Blank noted that the mission of the school is to prepare students for leadership in areas of public affairs and public policy and to do research on topics that illuminate issues of public policy and public policy analysis. She gave a brief history of the school and noted that it is consistently ranked among the top five in the nation. She described the school's curriculum and the careers its graduates pursue, as well as the demographics and backgrounds of its students.

Dean Blank pointed out the school's traditional strengths in economic and quantitative analysis of policy and social policy as well as more recent areas of international policy and science policy. She noted that a joint, interdisciplinary Ph.D. program was started in 2000 and it receives more than 120 applications for 6-8 available slots each year. The school's newest program is an undergraduate policy studies degree, with an initial size of 100 students.

Dean Blank discussed the school's faculty, which consists of regular academic faculty as well as practitioners in the non-academic arena. She also noted that the school has three major research centers. With respect to the budget, Dean Blank reported that the school has enjoyed recent substantial growth in tuition revenues, direct and indirect research funding, and gift and endowment income. Recruiting and retaining faculty are the biggest challenges she faces as a dean. Finally, she noted that the school will be moving into its own new building, Joan and Sanford Weill Hall, in August 2006. She said that she does not anticipate the school aiming to greatly increase its size after moving into the new facility.

A discussion followed during which Dean Blank responded to comments and questions from the Regents. Vice President May commented that under Dean Blank's leadership, fundraising in the school has grown dramatically, and the school was the first to have met its Michigan Difference campaign goal. It was noted that the new building is to be dedicated October 13, 2006, and that former president Gerald R. Ford and his family expect to be in attendance.

Presentation: Leadership in Energy and Environmental Design (“LEED”)

Associate Vice President Hank Baier gave a presentation describing the Leadership in Energy and Environmental Design (LEED) Program, which is a program created by the U.S. Green Building Council that promotes environmentally-responsible and sustainable buildings. The program sets environmental standards for site development, water and energy efficiencies, materials and resources, and indoor environmental air quality. He noted that the LEED program involves a score card system in which 69 points is the highest possible number of points. There are four levels of certification: “Certified” (26-32 points); “Silver” (33-38 points); “Gold” (39-51 points); and “Platinum” (52 or more points).

Mr. Baier commented that the School of Natural Resources and Environment's Dana Building had achieved the Gold level of LEED certification, and that two current projects, the Stephen R. Ross School of Business facility and C.S. Mott Children's and Women's Hospital projects, are currently going through the certification process. He said that all major University projects use the LEED score card as a type of internal guideline, but the University does not seek certification for most projects.

Mr. Baier said that there are six LEED scoring categories: “Sustainable Sites” (14 possible points); “Water Efficiency” (5 possible points); “Energy and Atmosphere” (17 possible points); “Materials and Resources” (13 possible points); “Indoor Environmental Quality (15

possible points); and “Innovation and Design Process” (5 possible points), and described the requirements within each scoring category and how the University approaches each of these requirements. He pointed out that the University meets many of the requirements within a number of the categories as a matter of course, but in some cases the requirements are either not appropriate or not cost-effective or are otherwise impractical for the particular building or site.

Mr. Baier commented that the LEED point system changes over time, in some areas recognizing steps that the University already has taken, such as regional storm water planning, as being worthy of garnering points. He also pointed out that the University works with manufacturers of such environmentally friendly items as waterless urinals in order to improve their efficacy and cost efficiency.

Mr. Baier noted that most University projects achieve about 20-28 points, so many could be LEED certified if the University chose to pursue certification. He described the University’s priorities, which consist of life cycle versus construction costs, energy savings, cost-effective environmental performance, durability, competition in procurement to control costs, cost control versus cost to recycle construction materials, occupant preferences versus imposed criteria, a priority on aesthetic creativity and public spaces, and schedule versus time for commissioning.

Mr. Baier said that the University estimates that LEED certification increases project costs by 1-10% depending on the complexity of the project and certification level, and that the University is continuously monitoring the LEED program to note how its requirements change. It is also re-evaluating design guidelines, particularly in the area of energy efficiency. He said that a number of efforts are underway to achieve energy reduction in existing buildings, pointing out that the environmental impact and cost savings of reducing energy consumption would dwarf any incremental increase that could be achieved through the LEED certification process.

Executive Vice President Kelch thanked Mr. Baier and his staff for educating him and his staff on these issues, and said he was pleased that the C.S. Mott Children's and Women's Hospital Project would be seeking LEED certification.

Committee Reports

Finance, Audit and Investment Committee. Regent Brandon reviewed the topics the committee had covered during its meeting the day before, noting that Regents White and McGowan also serve on that committee. The committee first reviewed the A-133 external audit with University and Health System officials and representatives from the University's external auditors, Pricewaterhouse Coopers. Glowing feedback was received from the independent auditors regarding the University's performance against industry benchmarks.

The committee also reviewed the University's gap analysis and implementation relative to Sarbanes-Oxley "best practices." This project is being led by Associate Vice President Peggy Norgren with assistance from Controller Cheryl Soper and Carol Senneff, executive director of University audits. The committee held a preliminary discussion about the contract and fees for conducting the next external financial statement audit, and it received a regular bimonthly internal audit report from Ms. Senneff. A follow-up discussion was also held with Provost Ned Gramlich regarding management of the endowment distributions over time.

Regent Brandon reported that the committee had also met with Ms. Senneff and Ms. Jeanette Baltimore, a University Audits staff member who is leading the audit investigation of Michigan Radio. He said that the committee and the Board have been very responsive to this issue, and made the following comments:

The Finance, Audit and Investment Committee is called the "Audit Committee" for a reason. We are engaged and very, very interested in making sure the financial controls and reporting that we have at the University are the

best that they can be. One of the things we looked for when this was first brought to our attention earlier this year is the “tone at the top,” which means, how does senior management react when a problem is identified. I’m pleased to report that our senior management team was cooperative, engaged, responsive, and was completely transparent in the way that they approached the investigation of this issue and identifying exactly what happened. Most importantly, they put a plan together to react to that and get this on a different trajectory.

So the committee has been engaged with the president, with Carol, and with Jeanette and all of the different areas of the University, including DPS. I can assure you we are taking steps and implementing measures to make sure that the integrity of the financial controls and adherence to policies at Michigan Media and throughout the University are the best that they can be. In the earlier stages we called this “Phase 1.” I think DPS is to be complimented and recognized for the work that they did, and also Internal Audit, including Carol Senneff and Jeanette Baltimore. They focused on the specific area of wrongdoing, they dealt aggressively with the management failures and the individuals involved in the unlawful acts, and I am completely satisfied that we did everything we could do in responding to that situation.

I also want the community to know that we have engaged in further audit investigations throughout the entire enterprise of Michigan Media to make sure that we have identified any weaknesses in controls. We have engaged the assistance of our independent auditors to make sure that sufficient resources are available. We’ve retained an outside consultant to make sure that we implement the kind of financial controls needed to have the assurance and trust that adequate financial systems and controls are present to allow this enterprise to do its work and do it in a high quality way. We’re very satisfied at this point that we’ve got this on track. There is still work to be done, but I just want to report to the community that your audit committee is all over it and cares a lot about making sure that we get it right.

Personnel, Compensation and Governance Committee. Regent Taylor reported that he and committee members Deitch and Richner, along with Regents Newman and Maynard, considered a number of agenda topics, including updates on searches. They also reviewed guidelines and procedures for expense account reporting and would continue to consider this topic.

The Regents then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of February 17, 2006.

Reports. Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report, and the Human Resources and Affirmative Action (HRAA) Report. He reported that the UMHHC Arbor Lakes Medical Center Information Technology Parallel Computing Center Project is completed, and this represents a significant accomplishment in safety and security with respect to disaster recovery backup for Hospitals IT operations, as well as the University's enterprise-wide administrative systems.

Litigation Report. Vice President Krislov submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Projects Established, March 1- 31, 2006.

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

Division of Student Affairs. Vice President Harper commented that nearly 400 students had participated in Alternative Spring Break programs, serving with local community agencies across North America. A campus-wide reflection on their experiences had been held earlier in the week. She also reported on the "Knit-wits" organization, which distributes hand-knit items to community service organizations throughout the country.

University of Michigan-Flint. Chancellor Mestas distributed a copy of the final version of the UM-Flint Strategic Plan for 2005-2010. He noted that one of the plan's priorities is to internationalize the campus, and to that end, he introduced several MBA students from the Alliance Business Academy in India who are enrolled at the UM-Flint and were present to observe the Regents' Meeting. Chancellor Mestas also announced that a recently administered

Student Satisfaction Inventory indicates that UM-Flint students have a significantly higher degree of satisfaction with their university experience than the national average for all universities.

Chancellor Mestas also expressed support for the recommendation for an honorary degree to be presented to William S. White, noting that under his leadership, the C.S. Mott Foundation has been the consistent and generous benefactor of the Flint and Ann Arbor campuses and of the Flint community.

University of Michigan-Dearborn. No report was submitted.

Michigan Student Assembly Report. President Coleman noted that MSA President Jesse Levine would be completing his term this month and that this would be his last report to the Regents. Mr. Levine reviewed the accomplishments of MSA during his tenure, noting that “the assembly is in great shape.” He said that upcoming issues include campus safety, work with the Ann Arbor City Council about off-campus housing, alumni outreach, and the cost of textbooks.

Voluntary Support. Vice President May submitted the Report of Voluntary Support for February 2006. He reported that the \$2 billion mark had recently been achieved toward the \$2.5 billion campaign goal. A mid-campaign celebration is scheduled for October 2006. Vice President May also commented that the public phase of the faculty and staff solicitation program is being kicked-off this month, with \$42 million already having been committed so far by faculty and staff during the “quiet” phase.

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

Retirement Memoirs. Vice President Churchill submitted memoirs for 2 retiring faculty members.

Memorials. Vice President Churchill submitted a memorial statement for Richard D. Sacks, professor of chemistry and professor of atmospheric, oceanic and space sciences.

Degrees. President Coleman submitted a request for approval of honorary degrees to be awarded to the following individuals: Christiane Amanpour, journalist, Doctor of Humane Letters; Elinor Ostrom, political scientist, Doctor of Humane Letters; Amartya Sen, Economist and Nobel laureate in economics, Doctor of Science; and William S. White, president and CEO, Charles Stewart Mott Foundation, Doctor of Laws. She noted that Ms. Amanpour would serve as the speaker for the undergraduate commencement exercises, and that William S. White would give the commencement address at the UM-Flint commencement exercises.

Regent Maynard commented that William White and his foundation have given so much to the health and well-being to the Flint campus and Genessee County, and as a member of the board of the Charles Stewart Mott Foundation, she was especially pleased to have him receive this honor.

Regent Newman pointed out that the Board has always been consulted on the honorary degree recommendations, despite a story in the Michigan Daily suggesting that the Board's role was somewhat irrelevant to the approving of these degrees. She stated that this is not the case and the Board is always fully involved throughout the degree recommendation process. It should not ever be assumed that the recommendations will always be accepted.

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

The Regents then turned to consideration of the regular agenda.

Report of University Internal Audits

Executive Vice President Slottow submitted the report of the Office of University Audits for the period May 1, 2005 through September 30, 2005, prepared by Carol Senneff, executive director of University Audits. He noted that from this point forward, these reports will be submitted as information items every other month following their review by the Finance, Audit and Investment Committee the previous month, as opposed to the previous practice of every 6 months.

Alternative Asset Commitments (*Fortress Investment Fund IV.; Private Equity European Partners III, L.P.; EI Fund II, L.P.*)

On a motion by Regent Brandon, seconded by Regent Newman, the Regents unanimously approved the following commitments: up to \$20 million from the Long Term Portfolio to Fortress Investment Fund IV; up to €15 million from the Long Term Portfolio to Private Equity European Partners III, L.P.; and up to \$30 million from the Long Term Portfolio to EI Fund II, L.P.

Stanford Lipsey Student Publications Building Infrastructure Improvements

On a motion by Regent White, seconded by Regent Richner, the Regents unanimously approved the Stanford Lipsey Student Publications Infrastructure Improvements Project as described and authorized issuing the project for bids and awarding construction contracts providing the bids are within the approved budget.

Earl V. Moore Building Interior Renovations Phase I

On a motion by Regent Brandon, seconded by Regent White, the Regents unanimously approved the Earl V. Moore Building Corridor Ceiling and Lighting Upgrades Project as

described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

South Quadrangle Elevator Controller Replacement

On a motion by Regent Brandon, seconded by Regent Richner, the Regents unanimously approved the South Quadrangle Elevator Controller Replacement Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

North Quad Residential and Academic Complex

Executive Vice President Slottow announced that the schematic design is being withdrawn from consideration at this time, based on ongoing consultation with the president and major stakeholders in the project. Additional work will be done on the schematic design before the project is brought forward for formal consideration.

Newberry Hall Kelsey Museum Addition and Renovation

Executive Vice President Slottow reported that additional funding has been raised to expand the scope of this project from the originally approved 15,600 gross square feet to 16,800 gross square feet and to increase the budget from \$8,200,000 to \$9,200,000.

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved the revised project scope and budget for the Newberry Hall Kelsey Museum Addition and Renovation Project as requested.

Authorization to Name the Addition to Newberry Hall in Honor of William E. Upjohn

On a motion by Regent White, seconded by Regent Taylor, the Regents unanimously approved naming the addition to Newberry Hall as the William E. Upjohn Exhibit Hall.

Planned Uses of Income from the Julian A. Wolfson and the Marguerite Wolfson Endowment Funds for the Fiscal Year 2006-2007

On a motion by Regent Taylor, seconded by Regent Brandon, the Regents unanimously approved the planned uses of the income from the Julian A. Wolfson and the Marguerite Wolfson Endowment Funds for fiscal year 2006-2007 as described in the Regents Communication.

University of Michigan Hospitals and Health Centers (UMHHC) Med Inn Sleep Disorders Laboratory Relocation Renovations

Regent Taylor moved approval of relocation of the Sleep Disorders Laboratory from Unit 8D of University Hospital to the Med Inn, allowing for the addition of up to 20 inpatient beds to University Hospital. Regent White seconded the motion.

Regent Maynard requested assurance that planners of this project are being sensitive to the needs of patients and families. Executive Vice President Kelch responded that patients and families are always given the highest priority and officials believe that this transition will create the greatest good for the greatest number of people.

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

University of Michigan Hospitals and Health Centers (UMHHC) University Hospital Renovations for Blood Bank Laboratory Clean Room

On a motion by Regent Richner, seconded by Regent White, the Regents unanimously approved the University of Michigan Hospitals and Health Centers (UMHHC) University Hospital Renovations for Blood Bank Laboratory Clean Room Project as described, authorized commissioning the architectural firm of Ann Arbor Architects Collaborative for its design, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Conflict of Interest Items

President Coleman announced that the agenda includes 10 conflict of interest items, each of which requires 6 votes for approval. On a motion by Regent Newman, seconded by Regent White, the Regents unanimously approved each of the following items:

Amendment to License Agreement among the University of Michigan, Princeton University, University of Southern California, and Universal Display Corporation

The Regents approved an amendment to a license agreement among the University of Michigan (“University”), Princeton University, University of Southern California, and Universal Display Corporation (“UDC”) by which UDC will add the University to its existing license with Princeton University and the University of Southern California. Because Stephen R. Forrest, a University faculty member and executive officers, is also partial owner of UDC, 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 UDC.
2. The amendment terms include adding the University as a party into the existing license which gives UDC an exclusive license with the right to grant sublicenses to technology developed under their research funding. UDC 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 Dr. Forrest arise from his ownership interest in UDC. He will waive any personal participation in the sharing of revenue received by the University.

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

The Regents approved an option agreement with OtoMedicine to license the following technology developed at the University of Michigan: UM File No. 2213 (“Prevention of Cisplatin Induced Deafness”), UM File No. 2215 (“Auditory Nerve Protection and Re-Growth”);

UM File No. 3341 (“Methods and Compositions for Treatment of Noise-Induced Hearing Loss”), and UM File No. 3341.1 (“Antioxidant Treatment to Prevent Auditory Nerve Degeneration”). Because Dr. Josef Miller, professor of otolaryngology, is also a partial owner of OtoMedicine, Inc. (“OtoMedicine”), 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 OtoMedicine, Inc.
2. Option terms include giving OtoMedicine an option for eighteen months to obtain an exclusive license with the right to grant sublicenses in all fields. 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 contract may be amended by consent of the parties. Additional conflict of interest review will be done as appropriate. The parties are also entering into a non-disclosure agreement under which the University will share information with the company.
3. The pecuniary interests of Dr. Miller arise from his ownership interest in OtoMedicine. He has waived any personal participation in the sharing of revenue received by the University.

Option Agreement between the University of Michigan and Fusion Therapeutics, Inc.

The Regents approved an option agreement with Fusion Therapeutics, Inc. for development of the following technology developed at the University: UM File No. 2146 (“Expression Profile of Prostate Cancer”) and UM File No. 3199 (“Identification of Recurrent Gene Fusions in Prostate Cancer”). Because Dr. Arul Chinnaiyan is both a University of Michigan faculty member and partial owner of Fusion 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 Fusion Therapeutics, Inc.

2. Options terms include giving Fusion an option for twelve months to obtain an exclusive license with the right to grant sublicenses in the field of use of therapeutics. 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 contract may be amended by consent of the parties. Additional review by the Conflict of Interest Board will be done as appropriate.
3. Dr. Chinnaiyan's pecuniary interest arises from his ownership interest in Fusion. He has waived any personal participation in the sharing of revenue received by the University.

Option Agreement between the University of Michigan and Phrixus Pharmaceuticals, Inc.

The Regents approved an option agreement with Phrixus Pharmaceuticals, Inc. ("Phrixus") to commercialize the following technology developed at the University: UM File No. 3015 ("Methods and Compositions for the Prevention of Cardiomyopathy and Muscle Injury"). Because Joseph Metzger is both an employee of the University of Michigan and a partial owner of Phrixus, 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 Phrixus Pharmaceuticals, Inc.
2. Option terms include giving Phrixus a one-year option to obtain an exclusive license. Phrixus will pay for ongoing patent expenses, perform technical diligence, and provide a business plan that describes Phrixus' intention and ability to develop and commercialize the licensed technology. 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 contract may be amended by consent of the parties. Additional review by the Conflict of Interest Board will be done as appropriate.
3. Dr. Metzger's pecuniary interest arises from his ownership interest in Phrixus. He has waived any personal participation in the sharing of revenue received by the University.

Option Agreement between the University of Michigan and Seattle Medical Ventures

The Regents approved an option agreement with Seattle Medical Ventures for commercializing the following technologies developed at the University of Michigan: UM File No. 1103 ("An Ultrasound Phased Array Noninvasive Cardiac Ablation System"); UM File No. 1218

(“High Power Phased Array Therapy System”); UM File No. 1329 (“Novel Methods for Ultrasound Surgery Using Cavitation: Microbubble Applications for Lesion Localization and Threshold Stabilization”), UM File No. 1329p1 (“Method and Assembly for Performing Ultrasound Surgery Using Cavitation”, UM File No. 3207 (“Feedback Methods and Systems for Determining Therapy Beam Positioning and Therapeutic Efficacy Before, During and After Ultrasound Cavitational Therapy”), UM File No. 3294 (“Ultrasound Assisted Drug Delivery”).

Because Charles Cain is both an employee of the University of Michigan and a partial owner of Seattle Medical Ventures, 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 Seattle Medical Ventures.
2. License terms include giving Seattle Medical Ventures an option to obtain an exclusive license with the right to grant sublicenses. Seattle Medical Ventures will pay an option fee 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. Additional review by the Conflict of Interest Review Committee will be done as appropriate.
3. Dr. Cain’s pecuniary interests arise from his ownership interest in Seattle Medical Ventures. He has waived any personal participation in the sharing of revenue received by the University.

Option Agreement between the University of Michigan and TRS, LLC

The Regents approved an option agreement with TRS, LLC to license the following technologies from the University: UM File No. 2129 (“Design Methodology for Tissue Engineering Scaffolds and Biomaterial Implants”); UM File No. 2142 (“Functionally Tailored Composite Devices for Tissue Regeneration and Bioactive Factor Delivery”); UM File No. 1704 (“Rapid Vascularization of Bioengineered Tissues”); UM File No. 1704dl (“Mineralization and

Biological Modification of Biomaterial Surfaces”); UM File No. 3361 (“Engineered Scaffolds for Intervertebral Disc Repair and Regeneration”); UM File No. 3360 (“Designed Degradable Cage Coated with Mineral Layers for Spine Interbody Fusion”); UM File No. 2753 (“A New Approach for Designing Biodegradable/Bioresorbable Tissue Augmentation/Reconstruction Devices”); UM File No. 2954 (“A Biodegradable Implant for Intertransverse Process Fusion”); UM File No. 2915 (“Image-based design software”); UM File No. 2955 (“Integrated Elastic and Permeability”); UM File No. 2130 (“Controlled micro/macro porous 3D plastic polymer and ceramic/cement composite scaffold fabrication and applications thereof”); UM File No. 2504 (“An Integrated Global Layout and Local Microstructure Topology Optimization Approach for Spinal Cage Design and Fabrication”); UM File No. 1853 (“CAD-MRI and CT-based production of Tissues for Tissue Engineering”); UM File No. 1360 (“Gas Foaming to Create Open Pore Structure”); UM File No. 1360p1 (“Sustained Drug Delivery from Structural Matrices”).

Because Drs. Scott Hollister, Frank LaMarca, Stephen Feinberg, and Chia-Ying Lin are all employees of the University and are also partial owners of TRS, LLC (“TRS”), 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 TRS.
2. Option terms include giving TRS a one-year option to an exclusive license with the right to grant sublicenses. TRS will pay for ongoing patent expenses, perform technical diligence, and provide a business plan that describes TRS’ intention and ability to develop and commercialize the licensed technology, which will include: 1) an identified, committed, experienced and capable management team; 2) an appropriate commercialization strategy; and 3) a capitalization plan indicating sufficient access to capital to enable the commercialization plan to be executed. Terms of the subsequent license agreement would include a royalty on sales and reimbursement of 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. Hollister, La Marca, Feinberg, and Lin arise from their ownership interest in TRS. They have waived any personal participation in the sharing of revenue received by the University.

License Agreement between the University of Michigan and MedSpoke LLC

The Regents approved an agreement with MedSpoke LLC (“MedSpoke”) for licensing of the technology “Organ Transplantation Information System (OTIS)” (UM File No1 2867). Because Robert Merion and James Dean are both employees of the University of Michigan and partial owners and directors of MedSpoke, 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 MedSpoke LLC.
2. License terms include giving MedSpoke an exclusive license with the right to grant sublicenses. MedSpoke will pay a royalty on sales. 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. Additional review by the Conflict of Interest Board will be done as appropriate.
3. The pecuniary interests of Dr. Merion and Mr. Dean arise from their ownership interest in MedSpoke. They have waived any personal participation in the sharing of revenue received by the University.

Materials Transfer Agreement between the University of Michigan and Avidimer Therapeutics, Inc.

The Regents approved a materials transfer agreement with Avidimer Therapeutics, Inc. (“Avidimer”) involving provision of material purchased by the University to Avidimer for evaluation and verification of previous findings. Avidimer, formerly known as NanoCure Corporation, is a wholly owned subsidiary of NanoBiologics LLC. Because Dr. James Baker, a University faculty member, is also a partial owner of, chief scientific officer for, and chairman of the board of directors for Avidimer, 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 Avidimer Therapeutics.
2. The terms of the proposed agreement conform to University policy. No transfer of funds is involved. Avidimer will provide the University with the results of its evaluation. No commercial use of the data by Avidimer is permitted. The agreement includes a provision allowing extension and modification upon mutual agreement of the parties. Additional review by the Conflict of Interest Board will be done as appropriate. The project does not involve human subjects or research at the University.
3. Dr. Baker's pecuniary interest arises from his ownership interest in Avidimer. No transfer of funds is involved.

Subcontract Agreement between the University of Michigan and EMAG Technologies, Inc.

The Regents approved a subcontract agreement with EMAG Technologies, Inc. For funding of a project in the College of Engineering. Because Kamal Sarabandi is both a University of Michigan employee and a co-founder and co-owner of EMAG Technologies, 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 EMAG Technologies, Inc.
2. The terms of the agreement conform to University policy. The period of performance for the project is eight months and the amount of funding support is \$33,219.
3. Dr. Sarabandi's pecuniary interest arises from his status as co-founder and co-owner of EMAG Technologies, Inc. He will not be involved in the project to be funded by EMAG Technologies, Inc.

Amendment to License Agreement between the University of Michigan and Ascenta Technologies

The Regents approved a license agreement with Ascenta Therapeutics to add the following technologies from the University to its existing license agreement: UM File No. 2328p1 ("Small molecule antagonists of BCL-2 family"); UM File No. 2549 ("Composition and method of use of compounds which inhibit PKC"); UM File No. 2682 ("Ellipticin and Ellipticinium

derivatives as modulator of protein kinase B/AKT and methods of use”); UM File No. 2784 (“Apogossypolone and the uses thereof”); UM File No. 2808 (“Gossypol co-crystals and their use”); UM File No. 2891 (“Conformationally constrained SMAC mimetics and the uses thereof”); UM File No. 3017 (“Small molecule inhibitors of MDM2 and the uses thereof”); UM File No. 3063 (“Small molecule inhibitors of STAT3 and the uses thereof”); UM File No. 3147 (“New classes of inhibitors of the P53-MDM2 interaction”).

Drs. Marc Lippman, Shaomeng Wang, and Dajun Yang are University of Michigan employees and also partial owners of Ascenta Therapeutics, Inc.; Drs. Lippman and Wang are also directors and members of the company’s scientific advisory board and Dr. Yang is also an employee and officer of the company. Therefore, 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 Ascenta Therapeutics, Inc.
2. Amendment terms include adding the above-referenced technology files which were developed under a sponsored research agreement with Ascenta. Current license terms include giving Ascenta an exclusive license with the right to grant sublicenses. Ascenta 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. Additional review by the Conflict of Interest Board will be done as appropriate.
3. The pecuniary interests of Drs. Wang, Lippman and Yang arise from their ownership interest in Ascenta.

Name Change for the School of Music to the School of Music, Theatre & Dance

On a motion by Regent McGowan, seconded by Regent Maynard, the Regents unanimously approved changing the name for the School of Music to the School of Music, Theatre & Dance.

Establishment of a New Instructional Department at the University of Michigan-Flint (*Early Childhood Education Department*)

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved establishment of the Early Childhood Education Department in the School of Education and Human Services at the University of Michigan-Flint.

A ten-minute break followed.

Public Comments

The Public Comments session began at 11:05 a.m. The Regents heard comments from the following individuals, on the topics indicated: William Thomson, emeritus faculty, David Skrbina, faculty, Helen Fox, Faculty, and Elizabeth Barlow, staff, all on the topic of formation of a University divestment committee on Israel/Palestine; Brad Stulberg, student and member of The Israel IDEA, against divestment from Israel; David Boyle, alumnus, on mounting public complaints about UM; Jim Mogensen, citizen, on the University of Michigan Health System; Elzora Holland, staff, and Chauncey Williams, staff, on a grievance regarding teaching without compensation within the Comprehensive Studies Program; and Audrey Jackson, alumna, on financial aid policies.

There being no further business, the meeting was adjourned at 11:55 a.m. The next meeting is scheduled for April 21, 2006.