

JANUARY MEETING, 2005

*The University of Michigan
Ann Arbor
Wednesday, January 26, 2005*

The Regents convened at 8:10 a.m. in the Regents' Room. Present were President Coleman and Regents Brandon, Maynard, McGowan, Newman, Richner, Taylor, 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 Deitch was absent.

Call to Order

President Coleman called the meeting to order and said that the meeting would begin with the presentation of three Regents' Resolutions.

Regents' Resolutions

Marshall Scholarship Recipient. Regent Richner welcomed Jacob Bourjaily to the podium and read the following resolution:

Regents' Resolution

The Regents of the University of Michigan congratulate and commend Jacob Lewis Bourjaily on his selection as a 2005 Marshall Scholar.

It is not easy to stand out among the large, diverse, student body at the University of Michigan, but Jacob Bourjaily hit the ground running and has not stopped. A senior in the honors program with a major in physics and mathematics, he was the first undergraduate student ever chosen to be an associate member of the Michigan Center for Theoretical Physics. This past summer, he was the only undergraduate student at the 42nd International School of Subnuclear Physics in Sicily, where he earned the Paul A.M. Dirac Diploma, was named "Best Student," and was chosen "Best Presenter of a Theoretical Subject." He

has also presented at conferences in Edinburgh, Vienna, Geneva, Paris, and Marseilles, and has several research papers pending publication.

Both in high school and in college, Jacob has enjoyed sharing his enthusiasm for science – particularly in the areas of gravity, particles, and other components of the universe that are not generally understood – by developing and regularly participating in outreach programs for younger students. His interest in every facet of physics and mathematics is further expressed through his hobby of collecting currency featuring pictures of mathematicians and physicists. Along the way, he has also found the time to become an accomplished photographer and jazz guitarist.

Jacob Bourjaily epitomizes the “Michigan Difference.” The Regents take great pride in celebrating Jacob’s many accomplishments and look forward to following his career as he completes his education and takes his place among the august body of illustrious Michigan alumni.

A round of applause followed.

Rhodes Scholarship Recipient. Regent White welcomed Joseph Jewell to the podium and read the following resolution:

Regents’ Resolution

The Regents of the University of Michigan commend Joseph Jewell on his selection as a 2005 Rhodes Scholar.

As one of only 32 U.S. students selected annually to receive this most prestigious honor, Joseph Jewell has attained the pinnacle of achievement in the academic world. A Michigan native and graduate student in the Department of Aerospace Engineering, he will attend Oxford University beginning in the fall of 2005 to pursue a master’s degree in engineering science.

It came as no surprise to those who know him that Joseph Jewell was awarded a Rhodes Scholarship. As a high school senior, Joseph was named a United States Presidential Scholar, an honor which recognizes the nation’s most outstanding high school students. With interests ranging from music to photography to medieval history to outer space, he completed his undergraduate studies at the California Institute of Technology, where he was an honors student in both medieval history and aeronautics, an accomplished musician who played percussion in the campus band and orchestra, and a leader in student government. He has published three technical papers and a study guide for improving SAT scores, and spent three

summers doing research at NASA, where he tested his physical endurance by flying aboard its zero-gravity experimental plane. Joseph aspires to be an astronaut or a college professor, working on advanced jet engines for powering spaceships. While at Oxford, he plans to spend his time outside of the classroom by playing timpani in the symphony orchestra, improving his skills as a photographer, and traveling throughout Europe.

Joseph Jewell has been described as a young person of uncommon decency, who shows great humility and thoughtfulness despite his many achievements. It is with great pride and admiration that the Regents congratulate Joseph Jewell for his Rhodes Scholarship and look forward to following his career in the years to come.

Vice President and Secretary of the University Resolution. Regent Brandon called

Vice President Tedesco to the podium and read the following resolution:

Regents' Resolution

The Regents of the University of Michigan commend Dr. Lisa A. Tedesco as she steps down from the position of vice president and secretary of the University and re-immerses herself in her role as a faculty member.

Vice President Tedesco received her M.Ed. and Ph.D. degrees from the State University of New York at Buffalo in 1975 and 1981, respectively. In 1992, following an 18-year career at SUNY Buffalo, she came to the University of Michigan as professor of dentistry and associate dean for academic affairs in the School of Dentistry. A health psychologist and nationally-recognized expert on diversity in the health professions, in 1996 Interim President Homer Neal appointed her to oversee projects related to diversity and the advancement of women, including the publication of "Climate and Character: Perspectives on Diversity" and the work of the Council on a Multicultural University. Her work on campus climate and broad knowledge of the University brought her to the attention of President Lee Bollinger.

In September 1998, Dr. Tedesco was appointed vice president and secretary of the University, and in 2001 she held an additional appointment as interim provost and executive vice president for academic affairs. During this period, she skillfully balanced the full range of responsibilities of these two extraordinarily demanding positions. In her role as provost, she helped lead the University's response to the September 11 terrorist attacks and oversaw important academic initiatives, such as the final report of the President's Commission on the Undergraduate Experience, while as vice president and secretary she provided crucial assistance to the Regents with the presidential search.

An active University citizen, Dr. Tedesco has made significant contributions in a number of areas across the campus. She is a long-standing member of the President's Advisory Commission on Women's Issues and has served as chair of the Campus Safety and Security Advisory Committee for six years. As the administrative liaison to the Department of Intercollegiate Athletics, she serves on the Advisory Board for Intercollegiate Athletics and was appointed by President Coleman to chair the steering committee for the NCAA Division I Athletics Recertification Program in 2003. This complex assignment led to lasting enhancements in academic opportunities for student athletes and to improvements in other aspects of our athletic program.

Dr. Tedesco received the University's prestigious Sarah Goddard Power Award in 2002 in honor of her distinguished leadership and sustained service on behalf of women. She has also received the Department of Public Safety's Director's Award for her service in the development and revision of departmental policies and procedures. She is the recipient of numerous other honors, and has held national leadership positions in professional organizations related to her academic work.

The vice president and secretary of the University is a pivotal position that touches nearly every facet of this complex, diverse, decentralized, and highly-visible institution. It is a rare individual who can successfully navigate around all the issues, constituent groups, and decision-makers, working towards consensus, while being mindful of the path that is in the best long-term interests of the institution. The Regents greatly admire Lisa's ability to sustain and enhance relationships among the Regents and between the Regents and members of the University community, and, indeed, among the multitudes of individuals who cross her path daily, always displaying her characteristic sensitivity, professionalism, and good judgment.

The Regents express their great admiration for Lisa's skill and wisdom in leading and supporting them, both collectively and individually. She has set the gold standard for the position of vice president and secretary of the University, in which she has served with such distinction for nearly seven years. She has performed her challenging responsibilities in a truly exceptional manner and has done an outstanding job of communicating, problem-solving, and providing sound guidance and advice to all. The Regents express their deepest respect, admiration, and gratitude to Lisa for her outstanding efforts on behalf of the University; we will miss her very much.

With much affection and appreciation, the Regents recognize and thank Dr. Lisa A. Tedesco for her selfless, distinguished service as vice president and secretary of the University and send her best wishes as she returns full time to her academic career.

A standing ovation followed. President Coleman called on Nancy Asin, assistant to the vice president and secretary of the University, who commented on how much Lisa would be missed by her staff.

Comments by Vice President Tedesco. Vice President Tedesco responded that she was deeply touched by the comments she had received, both publicly and personally. She noted that she has always been motivated by learning, and had learned an extraordinary amount by serving in this position. She commented, “I leave the post with a deep appreciation for what university governance means, and what it means to hold an institution in trust for the future. It is not a trivial matter.” She noted that her work with Regents, presidents, faculty, and students has taught her extraordinary lessons and has been a wonderful experience. “All of this has deepened my love for Michigan, has deepened my love for all of you in service to this fine institution, and I say thank you for the honor and privilege of serving you and Michigan as vice president and secretary of the University.”

A round of applause followed.

President’s Opening Remarks

President Coleman called the meeting to order, noting that the morning session had been reserved for discussion, public comment, and action regarding the North Quad Residential and Academic Complex.

President Coleman called attention to the death on January 25th of Gerard M. Faeth, Arthur B. Modine Distinguished University Professor of Aerospace Engineering, Professor of Aerospace Engineering, and Professor of Mechanical Engineering, noting that he was to have given an annual lecture in accordance with his distinguished University professorship in several

days. She also called attention to the retirement of former dean and interim president B. Joseph White.

North Quad Residential and Academic Complex. President Coleman commented that this is an important and exciting project for the University, envisioned as a major northern gateway to the central campus. The concept is for a combination of residential and academic space, and is the first of its type in the country. This project will fulfill several institutional priorities: it will increase the amount of residential space on campus; it is a major component of the Residential Life Initiative plan to renovate the residence hall system; it will enhance and link students' living and learning experiences, and it addresses the deteriorating state of the Frieze Building, which has been a top priority for a long time. It also provides an opportunity to bring together academic programs in very innovative ways. She called on Provost Courant.

Provost Courant commented that this is an exciting, unique project, built on the idea of collaboration on the cutting edge. The multiple collaborations include those between the offices of the provost and vice president for student affairs, among the deans of several schools and colleges, and eventually among students and faculty, once the facility is up and running.

Executive Vice President Slottow noted that this project is one of a series of projects that are part of the Residential Life Initiative (RLI) described in September, 2004. The five major components of the RLI are life safety upgrades and IT upgrades, both of which have been done in a number of residence halls, dining upgrades (Hill Dining Center), a new residential complex (North Quad) and its associated academic space, and renovations of heritage residence halls. He noted that since buildings are constructed "from the inside out", the deans' and student affairs' programmatic vision for this structure is critical.

Executive Vice President Slottow said that this complex would include approximately 500 beds and about 190,000 gross square feet of academic and support space. He pointed out that this is a replacement project, replacing the academic space at the Frieze site. The estimated cost of the residence hall portion of the complex is \$58 million, and the budget estimate for the academic and support space is \$74 million, plus an additional \$5 million for demolition and site work.

Terrance McDonald, dean of the College of Literature, Science, and the Arts, expressed the college's enthusiasm for the project and gratitude for the foresight of President Coleman and the Regents in supporting this project. He noted that students arrive on campus with a deep curiosity about the way that media and information shape their lives, society, and the world. One of the college's goals is to help them become sophisticated consumers and evaluators of media and information, he said, and the new North Quad complex will allow the college to mount an enriched curriculum in media and information studies, will leverage the high technology demands of the units that provide that instruction, will help drive the University's global agenda, and will strengthen the teaching of language, which is the foundation of that agenda.

The three units on campus that focus on information and media studies--Film and Video Studies, Communication Studies, and the School of Information--will be brought together for the first time and will be made available to undergraduate students in a variety of ways. He noted that housing these units in the same building will also be efficient from a cost perspective, by concentrating all of the technology-intensive equipment in one place. He also noted the benefits of providing access for undergraduate students to the renowned strengths and scholarly pursuits of the School of Information. Dean McDonald pointed out that the building will be equipped to handle the technologically intensive needs of language instruction, and the concentration of

language instruction facilities within and nearby the North Quad facility will also be a primary benefit of the space.

Dean John King, of the School of Information, noted that his school had been holding discussions with the departments of Film and Video Studies and Communication Studies about how they might collaborate, and housing all of these units in the same facility made sense. He said that the goal is for students at the University of Michigan to dramatically increase their global vision and ability to communicate and collaborate with people all over the world, and that this collaboration will be a catalyst toward achieving that goal.

Dean King noted that these ideas have been germinating for a number of years, following up on the vision laid out by the institution that advised that we have to rethink the nature of the learning community, which would involve more than students and teachers as it becomes a global community. The other notion was that “we have to build an ecology of experiments” because nobody knows how to achieve this goal. He observed that the North Quad project embodies both of those visions, laid out 4-5 years ago by the institution.

Dean King reported that the first demonstration of the “Connection Project” that connects the two locations of the School of Information, occurred last week, and that it provided an astounding example of the difference that new and evolving technology can make. He predicted that North Quad will only further this process.

Steven Kunkel, dean of the Horace H. Rackham School of Graduate Studies, who noted that his unit will be the largest University unit located next to the new complex, pointed out that following up on the extensive renovation of the Rackham building, “the time has come to invest in our undergraduates in this residential living/learning center.” He said that the Graduate

School is extremely excited about having new neighbors and welcomes the opportunity to interact both with the academic units and the students housed in the residence hall.

Vice President Harper noted that the focus of this project has been to meet the needs and desires of students while at the same time, reframing the way that students learn and live. She noted that students' lives are centered more on computer screens than TV screens as had been the case for past generations, and that the intentional blending of classroom and living space creates opportunities to provide a transformative learning experience for students. The goal is to create an environment that includes opportunities for both classroom learning and informal, lifelong skills learning; that facilitates learning in every domain--cognitive, social, personal, and spiritual. She noted that North Quad will be a gateway to the University of Michigan that will dramatically connect living and learning.

Vice President Harper introduced Carol Henry, director of University Housing, chair of the President's Task Force on Residential Life and Learning, and she recognized staff who have been working on this project.

Ms. Henry reported that the task force had been charged with determining how to integrate residential life and academic life more fully on campus, how to provide opportunities for personal and intellectual development that compliment the academic experience, and how to provide a framework for the bold concepts outlined by the deans.

Ms. Henry noted that North Quad would contain a mix of living options, including suites with various configurations. There would be music practice rooms, performance rooms, hall kitchens, laundry facilities, multi-purpose spaces, in addition to student government and organization space. Many dining options would be provided. She emphasized that students will be involved in all aspects of planning for the space. The central theme would be that learning takes

place everywhere, and the hall will help elucidate the meaning of the concept of the lifetime learner. She noted that the task force has been discussing several possible themes for the complex, and it will release a formal report in about a month.

Executive Vice President Slottow commented that in order to achieve the vision that has been described for the project, it will be necessary to demolish the existing Frieze Building. However, every attempt will be made to incorporate the existing Carnegie Library. He said that the recommended architect is Einhorn Yaffee Prescott, a firm which has designed over 90 residence halls and an equal number of academic buildings for campuses across the country.

Public Comments

The Regents heard comments from the following individuals on the subject of the proposed North Quad Residential and Academic Complex. Caroline Smith, alumna; Amy Keller, student and president of the Residence Halls Association; Thomas Heywood, citizen, executive director of the State Street Area Association; Rese Fox, external relations chair, Michigan Student Assembly; and Jason Mironov, student, president of Michigan Student Assembly.

Discussion of North Hall Residential and Academic Complex

It was noted that the residence hall is intended to house mostly sophomores and juniors.

Regent McGowan said that she had attended the community meeting on the proposed project and had high regard for the sentiments expressed. She commented that graduates of Ann Arbor High School, which had at one time been housed in the Frieze Building, had expressed opposition to the project, and drew comparisons between the Frieze Building and the former Perry Elementary School building, which is also owned by the University. The Perry Building had undergone a magnificent renovation because it was found to be a solid structure and fit a

strategic aim of the University. She noted that Fourth Ward residents had expressed legitimate concerns about quality of life issues and that the University should address these concerns over time. She pointed out that students are excited by the project and have every reason to be thrilled, and noted also the enthusiasm expressed by the local business community. The historic preservationists, she pointed out, have a great responsibility to advocate for retaining and renewing buildings in Ann Arbor that are of considerable significance to the city's history, and they have done a good job of carrying out this responsibility.

So the Regents' decision on this issue must bear in mind their responsibility to assure the continued prosperity of the University. In light of that, she stated that the University needs to be absolutely clear about its intentions with respect to the future of the Frieze Building, and requested that Executive Vice President Slottow respond.

Executive Vice President Slottow stated that "we will be demolishing the Frieze Building, and we will do what we can to protect and renovate all or portions of the Carnegie Library." He described the three considerations that led to this conclusion. The first is the physical condition and layout of the Frieze Building, which was designed in 1907 to teach high school students. The second consideration is the need to achieve the academic and RLI vision, which includes having a meaningful number of residence rooms in a configuration suitable for the University's needs, and to have a sufficient number of gross square feet to meet academic and support space needs. Lastly, the project needs to be consistent with master planning principles, which include issues of density, careful use of the land, sensitivity to the surrounding community, building heights, open space, parking, transportation, utilities, storm water, and other infrastructure considerations. All of these aspects have been under intense scrutiny, he noted, and for these and many other technical reason, to achieve these three objectives and

remain appropriate fiduciaries of the University's facilities and mission, the Frieze Building will need to be demolished.

Associate Vice President Hank Baier further noted that to work within the existing structure, it would be necessary to retain the existing floor-to-floor heights in the building with the same corridor and stairwell areas. To maintain the current structure and accomplish the project vision, create collaborative learning environments, and put in beds and a residence hall in an orderly and efficient fashion while adhering to the master planning principles would be insurmountable. He noted that a tower had been suggested by some, but this would not be appropriate for a residence hall and would not produce a collaborative, cutting-edge learning environment. He pointed out that these considerations have all been discussed with a number of architects.

Regent McGowan emphasized that it needs to be understood that approval of this action will mean that the Frieze Building will be demolished, and there will be no further discussion about attempting to save it. Executive Vice President Slottow confirmed this, reiterating that a number of architects have been consulted, and the condition of the building has been known for a long time, and the building cannot be saved if master planning principles are to be maintained.

Regent Richner requested information about financing of the structure. Executive Vice President Slottow noted that current estimates for the project are imprecise, as they always are at the initial phase of a project. They represent best estimates, given market conditions, site conditions, benchmarking, and the cost of building a residence hall and an academic center of this quality. The housing portion will be funded with borrowing backed by residence hall rates and the academic portion will be funded from central administration sources as well as funds from the College of Literature, Science and the Arts and the Office of the Provost and Vice President for Academic Affairs. He emphasized that because it has been known for some time that the

problems of the Frieze Building would need to be addressed, the financing plans have been well established.

Regent Maynard inquired about asbestos issues in the Frieze Building and how this would be dealt with. Associate Vice President Baier responded that all asbestos and lead will be removed from the building prior to any demolition. A detailed survey of the building will be done, and an asbestos abatement contractor will remove it and any lead materials prior to proceeding with the demolition. These expenses are included in the cost for site preparation and demolition in the action request.

Regent Brandon commented that the Frieze Building was an embarrassment to him when he was a student, that it has been ignored for decades, and that it continues to be an embarrassment to the University. So as both a Regent and an Ann Arbor citizen, he is especially enthusiastic about supporting the transformation that will occur on this site.

Regent McGowan moved approval of the North Quad Residential and Academic Complex project as described in the Regents Communication, and authorization for commissioning Einhorn Yaffee Prescott for its design. Regent Brandon seconded the motion, and it was approved unanimously.

The meeting recessed at 9:35 a.m.

Wednesday, January 26, 2005

The Regents reconvened at 4:00 p.m. in the Regents' Room. Present were President Coleman and Regents Brandon, McGowan, Newman, Richner, and Taylor. Also present were Provost Courant, Vice President Harper, Executive Vice President Kelch, Vice President Krislov, Chancellor Little, Vice President May, Chancellor Mestas, Executive Vice President

Slottow, Vice President and Secretary Tedesco, and Vice President Ulaby. Regents Deitch, Maynard, and White were absent, as were Vice Presidents Rudgers and Wilbanks.

President Coleman noted that Committee Reports would be the first item on the agenda, and called on Regent Brandon.

Committee Reports

Finance, Audit and Investment Committee. Regent Brandon reported that the committee had met that morning and considered four agenda topics. First they met with Executive Vice President Kelch, Hospitals and Health Centers Executive Director Larry Warren, and chief financial officer Doug Strong for an update on the operating performance and ten-year strategic capital plan of the Hospitals and Health Centers. He reported that through December 31, 2005 the Hospitals and Health Centers had positive variances in budget versus revenue and budget versus operating margin. The committee next received an initial review from Provost Courant and Associate Provost Phil Hanlon on the FY 2006 General Fund Budget. The committee also received a routine update from Carol Senneff, executive director of University audits, and a preliminary look at the audit plan for next year. The committee met privately with Ms. Senneff and was assured that she was receiving a high level of cooperation and receptivity from management in the schools and colleges. The committee also received internal audit reports regarding the Hospitals and Health Centers.

Compensation and Personnel Committee. President Coleman announced that Regent Maynard was not able to attend this portion of the formal meeting and would report on that morning's committee meeting at the next Regents' Meeting.

Consent Agenda

Minutes. Vice President Tedesco submitted for approval the minutes of the meeting of December 16, 2004.

Reports. Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report, the Regents Report on Noncompetitive Purchases over \$5,000 from Single Sources, September 16, 2004 through December 15, 2004, and the Human Resources and Affirmative Action Report.

Executive Vice President Slottow announced that the Hill Auditorium renovation had received a 2005 Honor Award for Outstanding Architecture from the American Institute of Architects. He noted that architects of two of the other award-winning projects are currently working on University of Michigan projects.

Litigation Report. Vice President Krislov submitted the Litigation Report.

Research Report. Vice President Ulaby submitted the report of projects established, December 31, 2004. He noted that compared to a year ago, available federal funding has increased by about 1.2%, but the funds awarded to the University have increased by 6.5%, indicating that the University is receiving a larger share of available funds.

University of Michigan Health System. Executive Vice President Kelch announced that the University of Michigan Health System recently received one of ten national Premier Healthcare Employer awards for 2005 by the Premier Workplaces organization. He recognized the efforts of Laurita Thomas, Larry Warren, and Deborah Childs, among other past and present administrators, for the Health System having achieved this recognition.

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

University of Michigan-Dearborn. Chancellor Little informed the Regents about an event that had occurred on campus two weeks ago, through which, in partnership with Michigan Public Media, the campus had hosted the kickoff event for the Michigan public television broadcast of a series about the Auschwitz concentration camp.

University of Michigan-Flint. Chancellor Mestas had no additional report.

Michigan Student Assembly Report. Jason Mironov, president of MSA, wished Vice President Tedesco well. He also thanked University administrators for working with the MSA committee chairs on their various projects. He announced that MSA is planning an event featuring several nationally prominent political figures and updated the Regents on several other MSA activities.

Voluntary Support. Vice President May submitted a “Michigan Difference” Campaign Update and the Report of Voluntary Support for December 2004. Regarding the first report, he noted that with 53% of the time period having elapsed, the campaign had so far reached \$1.6 billion, or 65%, of its \$2.5 billion goal. He also pointed out that in December 2003, the University had received \$30 million in cash gifts, whereas in December 2004 these gifts totaled \$47 million. This exceeded expectations and is a credit to the efforts of a number of people both inside and outside the University. Vice President May thanked the Regents for all of their assistance and advice during this campaign, noting that it has really made a difference.

Regent Newman observed that a number of University development officers, faculty, and staff members have also contributed their own funds to the campaign.

Personnel Actions/Personnel Reports. Provost Courant submitted a number of personnel actions and personnel reports. He called attention to the recommended appointment of Sally Camper as chair of the Department of Human Genetics in the Medical School.

Retirement Memoirs. Vice President Tedesco submitted three faculty retirement memoirs.

Memorials. No deaths of active faculty members were reported this month.

Degrees. There were no actions with respect to degrees this month.

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

The Regents then turned to consideration of the regular agenda.

Alternative Asset Commitment (Lime Rock Partners III, L.P.)

Executive Vice President Slottow informed the Regents that a follow-on investment of \$20.0 million had been made to Lime Rock Partners III, L.P.

Alternative Asset Commitment (Kleiner Perkins Caufield and Byers XI, L.P.)

Executive Vice President Slottow informed the Regents that a follow-on investment of \$5.0 million had been made to Kleiner Perkins Caufield and Byers XI, L.P.

Alternative Asset Commitment (Greenfield Acquisition Partners IV, L.P., and BPG Investment Partnership VII, L.P.)

Executive Vice President Slottow informed the Regents that follow-on investments had been made to two real estate funds: Greenfield Acquisition Partners IV, L.P. (\$40 million) and BPG Investment Partnership VII, L.P. (\$20.0 million).

Alternative Asset Commitment (Thor Urban Property Fund)

On a motion by Regent Newman, seconded by Regent McGowan, the Regents unanimously approved a commitment of \$20 million from the Long Term Portfolio to Thor Urban Property Fund, L.P.

Alternative Asset Commitment (*Lime Rock Partners II, L.P.*)

On a motion by Regent Brandon, seconded by Regent Taylor, the Regents unanimously approved an additional investment of \$1.8 million from the Long Term Portfolio to purchase a secondary interest in Lime Rock Partners II, L.P.

Ann Street Parking Structure

On a motion by Regent Brandon, seconded by Regent Taylor, the Regents unanimously approved issuing the Ann Street Parking Structure Project for bids and awarding construction contracts providing that bids are within the approved budget.

C.C. Little Building

On a motion by Regent Taylor, seconded by Regent Brandon, the Regents unanimously approved the C.C. Little Building First Floor Teaching Laboratories Renovation Project as described in the Regents Communication, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

University of Michigan Hospitals and Health Centers (UMHHC) Cardiovascular Center Project - Phase I Bed Shell Expansion Project

Executive Vice President Kelch commented that the shell space provides an opportunity for the UMHHC to meet a demonstrated need for space in order to fully utilize the current approved number of licensed beds. The project would require a two-month extension of the Cardiovascular Center Project's construction schedule, and is included in the ten-year capital plan for the UMHHC. On a motion by Regent Brandon, seconded by Regent McGowan, the Regents unanimously approved the UMHHC Cardiovascular Center Project - Phase I Bed Shell Expansion Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Conflict of Interest Items

Regent Deitch joined the meeting by conference telephone call.

President Coleman announced that the agenda includes 5 conflict of interest items, each of which requires 6 votes for approval. On a motion by Regent Brandon, seconded by Regent Richner, the Regents unanimously approved each of the following items:

Approval of a Payment to Beech Stave Press, Inc.

The Regents approved a payment to Beech Stave Press, Inc. to provide copies of “A Dictionary of the Lycian Language.” Because Benjamin Fortson, IV, vice president and editor-in-chief of Beech Stave Press, Inc., is also a University of Michigan employee, this purchase falls under the State of Michigan Conflict of Interest Statue. The following information is provided in compliance with statutory requirements:

1. The parties to the contract are the Regents of the University of Michigan and its Harlan Hatcher Graduate Library and Beech Stave Press, Inc.
2. The product to be provided is dictionaries at a cost of \$59.90.
3. The pecuniary interest arises from the fact that Benjamin Fortson, IV, a University of Michigan employee, is vice president and editor-in-chief of Beech Stave Press, Inc..

Research Agreements between the University of Michigan and Ascenta, Inc.

The Regents approved research agreements with Ascenta, Inc., for further development of small molecule inhibitors for use against various cancers. Because Drs. Marc Lippman, Shaomeng Wang, and Dajun Wang have an equity interest in Ascenta, Inc., and are also a University of Michigan employee, this agreement falls under the State of Michigan Conflict of Interest Statue. The following information is provided in compliance with statutory requirements:

1. The parties to the contract are the Regents of the University of Michigan and Ascenta, Inc.
2. The terms of the agreements conform to University policy. Dr. Liang Xu, who is an inventor of technology licensed to Ascenta but has no direct financial interest in the company, will direct one of the projects over an initial one-year period at an estimated cost of \$56,000. The other project will be directed by Thomas Carey over an initial one-year period at an estimated cost of \$72,111.

The contracts include a provision allowing extension and modification of the projects upon mutual agreement of the parties. 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. The pecuniary interest arises from the fact that Drs. Marc Lippman, Shaomeng Wang, and Dajun Yang, University of Michigan employees, hold an equity interest in Ascenta, Inc.

License Agreement between the University of Michigan and Accuri Instruments

The Regents approved a license agreement with Accuri Instruments for the “Air-liquid two-phase microfluidic system” (UM File No. 2135). Because Dr. Steven Skerlos holds an equity interest in Accuri Instruments and is also a University of Michigan employee, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the contract are the Regents of the University of Michigan and Accuri Instruments, Inc.
2. The terms of the agreement include giving Accuri Instruments an exclusive license with the right to grant sublicenses. Accuri Instruments will pay a royalty on sales and will 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 interest arises from the fact that Dr. Steven Skerlos, a University of Michigan employee, has an equity interest in Accuri Instruments. He has waived any personal participation in the sharing of revenue received by the University.

Subcontract Agreement between the University of Michigan and Powerix Technologies, LLC

The Regents approved a subcontract agreement with Powerix Technologies, LLC, to fund a project in the College of Engineering. Because Drs. Jun Ni and Werner Dahm are shareholders in and sit on the board of directors of Powerix Technologies, LLC, and are also University of Michigan employees, this agreement falls under the State of Michigan Conflict of Interest Statue. The following information is provided in compliance with statutory requirements:

1. The parties to the contract are the Regents of the University of Michigan and Powerix Technologies, LLC.
2. The subcontract to the University will be \$600,000 for the period of September 1, 2004 through August 31, 2006. Since research agreements are often amended, the agreement includes provisions for changes in time, amount, and scope. University procedures for approval of these changes will be followed and additional review by the Conflict of Interest Committee will be done as appropriate. The subcontract terms are consistent with University policies and Regental bylaws.
3. The pecuniary interest arises from the fact that Drs. Jun Ni and Werner Dahm, University of Michigan employees, are shareholders in and sit on the board of directors of Powerix Technologies, LLC.

License Agreement between the University of Michigan and Molecular Therapeutics

The Regents approved a license agreement with Molecular Therapeutics for use of a software program known as “Miami Fuse” (OTT File No. 1297). Because Drs. Brian Ross and Alnawaz Rehemtulla, owners of Molecular Therapeutics, are also University of Michigan employees, this agreement falls under the State of Michigan Conflict of Interest Statue. The following information is provided in compliance with statutory requirements:

1. The parties to this agreement are the Regents of the University of Michigan and Molecular Therapeutics.
2. The contract terms include an up-front license issue fee and a percentage of sublicense revenues. The University will retain ownership of the licensed software 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 interest arises from the fact that Drs. Brian Ross and Alnawaz Rehemtulla, University of Michigan employees, are owners of Molecular Therapeutics.

Public Comments

The Regents heard comments from Jim Mogensen, citizen, on the town-gown relationship.

There being no further business, the meeting was adjourned at 425 p.m. The next meeting is scheduled for February 17, 2005.