

## **JUNE MEETING, 2003**

*The University of Michigan  
Ann Arbor  
Thursday, June 29, 2003*

The Regents convened at 1:45 p.m. in the Regents' Room. Present were President Coleman and Regents Brandon, Deitch, Maynard, McGowan, Newman, Richner, and Taylor. Also present were Provost Courant, Interim Executive Vice President Greenfield, Vice President Harper, Vice President Krislov, Chancellor Little, Vice President May, Chancellor Mestas, Vice President Rudgers, Interim Chief Financial Officer Slottow, Vice President and Secretary Tedesco, Vice President Ulaby, and Vice President Wilbanks. Regent White was absent.

President Coleman called the meeting to order. She announced that Regent White's absence was due to her service in the military reserves. President Coleman announced that she had some comments on "an issue of considerable importance to our community"

### **Comments by President Coleman**

*Sexual harassment and sexual assault are matters of great concern to me. I've heard from many in our campus community with renewed concerns and want to make the University's commitment clear. Sexual harassment and sexual assault are never acceptable. Our campus community must be a safe and comfortable place for students, faculty, and staff. Each member of this community shares a responsibility to create an atmosphere of respect and trust.*

*Our enforcement efforts are extremely important, but enforcement alone is not enough. A greater level of sensitivity and awareness is the key to improvements in climate. Colleges and universities across the country must continuously work to improve and invigorate their approaches to education and prevention. I want the University of Michigan to be a national leader in this educational effort.*

*The University will introduce a number of new and enhanced educational programs and policy changes in the upcoming academic year--activities designed to increase overall awareness of this issue. As you know, we've been hard at work on modifications to the University's Standard Practice Guide policies on sexual harassment and on consensual relationships between faculty and students. This fall we will have discussions about our recommended policy changes with campus leaders. In addition, we will launch a series of informational sessions on campus to communicate about the changes, our leadership expectations, and the process by which our community will enforce those standards. I've also asked*

*our Human Resources and Affirmative Action Division, along with the University of Michigan's Sexual Assault Prevention and Awareness Center to enhance the University's annual sexual assault and sexual harassment education programs for students, faculty, and staff beginning in the academic year 2003-2004. I will share more details about our plans in September, but I did want to tell you about an anecdote that really brought this home to me that made me realize we need to do much more work.*

*Some friends of mine, parents, are having their son come to the University as a student this next fall, and they've been involved in the orientation process. Through the orientation process they heard about the issues of sexual assault and how difficult that is on campuses nationwide, and there were some training sessions that happened during orientation. Through them, I learned that these mandatory training sessions are not continued in the residence halls. They can occur if a resident advisor requests it, but they don't happen automatically. So one of the changes that we're going to make is to have mandatory training in the residence halls so that all students will understand, all students will understand that this is really important. This will extend to all of our students on the campus. So we're looking forward to progress and we're looking forward to high standards for all in our community.*

President Coleman then highlighted a number of University events and faculty and student honors and accomplishments that had occurred during the past month.

President Coleman announced that Public Comments would be the next order of business.

### **Public Comments**

The Regents heard comments from Donald Pacheco, staff, president of the UM Skilled Trades Union, and Dave Dobbie, student, president of the Graduate Employees Organization, on changes in University-provided health benefits; Raman Singh, citizen and member of the Sikh Studies Association, on violation of the endowment agreement between the Sikh Studies Association and the University of Michigan; David Boyle, alumnus, on Bernard Robinson as a role model; Bradley Cambridge, alumnus, on residency classification guidelines; and Chetly Zarko, alumnus, on modifying the University's research openness policy.

Following a 15 minute break, the meeting continued at 2:45 p.m.

## **Report of the Committee on the Economic Status of the Faculty (CESF) - Ann Arbor Campus**

Professor Fred Askari, chair of the Ann Arbor Campus CESF, presented the committee's annual report. He noted that economic compensation can be viewed in several ways: publicly reported salary data, previously unpublished salary data in the form of incentive and extra payments, and benefits. There are two components to the benefits package: benefits for present active employees and deferred compensation in the form of retiree health benefits. Changes in benefits have been a major issue of concern in recent years. He noted that retiree health benefits are not funded through a set-aside; they are paid for through a "tax" on active employee wages in the operating budget. He commented that this "tax" would be increasing dramatically over the next year, from 2.3% of payroll (\$24 million) to 3.2% of payroll (\$39.5 million).

Professor Askari observed that a number of factors are combining to make the current system of funding health care benefits from the operating budget more problematic and that a number of efforts are underway to consider how to keep the deferred compensation system secure. He pointed out that it is a long-term problem that requires a long-term solution.

He reviewed the CESF report on faculty compensation, noting that it consists of published and unpublished salary data from a number of sources. He credited the Office of the Provost and SACUA staff for their assistance in compiling and analyzing the data. He noted that in response to a request from a Regent following last year's presentations, the reports from all three campuses have been coordinated to facilitate comparison among the campuses.

Professor Askari stated that the goal is to present transparent salary data in order to achieve optimal and equitable salaries, which will lead to improved job satisfaction and productivity. He reviewed some of the study's conclusions and commented that major concerns include the "loyalty tax" for long-term faculty; achieving transparent pay to assist in understanding

salary discrepancies and in learning how faculty can earn higher incomes; understanding what is “optimal” pay and “equitable” pay; and adoption of compensation guidelines. Future areas of study include tracking compensation by age, year, and rank, and tracking compensation over time.

Regent Newman stated that the Regents would be interested in any insights obtained by CESF on proposals for managing the unfunded deferred compensation. Interim CFO Slottow commented that staff in financial operations are extremely concerned about this future liability, and noted that the University has established a “best practice” of booking the future liability even though it is not required by the accounting standards board. He stated that he appreciates the focus that CESF has placed on this issue.

#### **Report of the Committee on the Economic Status of the Faculty (CESF) - Dearborn Campus**

Professor James Knight presented the CESF report from the Dearborn campus. He noted that historically, the Dearborn campus has provided high-quality and high-value education for which students have been willing to pay a somewhat high tuition. Growing expenditures and a growing reliance on tuition create pressure to increase enrollment to generate tuition income and a drifting away from the traditional themes of a UM-Dearborn education. He warned against the consequences of increasing class size and decreasing the quality of classwork.

#### **Report of the Committee on the Economic Status of the Faculty (CESF) - Flint Campus**

Professor Jami Anderson presented that the CESF report from the Flint campus. She noted that many of the concerns raised by the other two groups also pertain to the Flint campus. Specific issues confronting the Flint campus include the failure of salaries to keep up with inflation, salary compression, and low salaries for library faculty and lecturers. She displayed charts containing data that illustrate these points, and noted that there is every reason that these trends

will continue to get worse. Professor Anderson concluded that in order for the Flint campus to remain competitive and hire excellent faculty, these salary inequities need to be addressed.

Regent Maynard commented that she appreciated the efforts made by the three campuses to make their reports more parallel to each other, as this makes them much easier to compare and contrast. President Coleman thanked each of the committee chairs for their reports.

### **South Campus Master Plan**

Interim CFO Slottow stated that when the Regents approved appointment of the architect for the Athletic Department's Academic Success Center they also expressed interest in receiving an overview of South Campus planning. This presentation is meant to illustrate the planning that has been done to ensure that the Academic Success Center and other proposed new facilities for the south campus area can all be accommodated in ways that optimize the land use, maintain flexibility for the future, and respect the history and environmental needs of the area. He introduced Sue Gott, University Planner.

Ms. Gott displayed maps of the current configuration of the South Campus area and illustrated the evolution of the area with historical photos. She displayed the 1991 master plan developed by Johnson Johnson & Roy and described the recent program planning process undertaken by the Athletic Department which yielded the most recent plan, developed by the firm of HNTB (Howard Needles Tammen & Bergendoff) in 2002. Concurrently, the firm of Andropogon conducted a study of environmental issues faced on the South Campus. These studies provide a framework for considering new facilities proposed by the Athletic Department in the Ferry Field area. Among these are the already-initiated Academic Success Center; a multi-purpose field-house, which would require relocation of softball and possibly of baseball; construction of a

basketball and wrestling practice facility next to Crisler Arena; and a recruiting lounge area in Crisler Arena.

Ms. Gott then turned to a discussion of the South State Street area, noting that it includes the tennis and women's gymnastics facilities, some undeveloped property next to Main Street, and a commuter parking lot. She displayed the HNTB plan illustrating how baseball and softball fields could be arranged at the southern boundary of the State Street property. This was combined with the Andropogon environmental plan to develop a framework plan demonstrating where baseball and softball fields could be located. The plan would be able to accommodate the existing commuter parking lot, additional commuter parking, and parking spaces for baseball and softball games. Ms. Gott concluded by reiterating the University's guiding planning principles: respect the historic context of existing architecture, enhance environmental systems, and remain flexible to accommodate future programmatic requirements.

Regent Newman inquired about the current status of plans to update Crisler Arena. Mr. Bill Martin, athletic director, noted that Crisler Arena is a University facility, not an Athletic Department facility. He said that although the men's and women's locker rooms have been renovated, the remainder of the facility has not been touched since it was built. He noted that the University and Athletics Department are working together on solving this problem, but it will not be a high priority until a practice facility has been constructed, which would make Crisler available for other uses on campus and for income-generating use by outside groups.

### **Regents' Committee Reports**

President Coleman called on Regent Brandon, chair of the Finance, Audit, and Investment Committee.

**Finance, Audit, and Investment Committee.** Regent Brandon reported that the committee had met that morning and received information on two topics, the Athletic Department financial planning and the Life Sciences Institute.

**Compensation and Personnel Committee.** Regent Maynard observed that one of the major responsibilities of this committee is conducting periodic personnel evaluations, and that one of these evaluations would be conducted later that afternoon.

The Regents then turned to the regular agenda.

### **Consent Agenda**

**Minutes.** Vice President Tedesco submitted for approval the minutes of the meeting of May 15, 2003.

**Investment and Plant Extension Reports.** Interim Chief Financial Officer Slottow submitted the Investment Report and Plant Extension Report.

**Human Resources and Affirmative Action Report.** Provost Courant submitted 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, May 1 - May 31, 2003. He displayed photographs of a robot constructed by a University of Michigan faculty member that were displayed at an event sponsored by the Coalition for National Security Research in Washington, DC. He also described two studies by University of Michigan faculty members and students involving nanotechnology.

**University of Michigan Health System.** Interim Executive Vice President Greenfield noted that the University's HMO, M-Care, had been featured in the national journal of the American Association of Health Plans.

**Division of Student Affairs.** Vice President Harper presented an update on a year-long effort to expand safety and security in the residence halls. She noted that the decision had been made to install video cameras in common areas of the residence halls and new door locks to counter an increase in home invasions and peeping tom incidents. Since these measures were taken, there has been a 64% reduction in the number of breaking and entering incidents (from 99 to 35 incidents) and the number of peeping tom incidents had decreased from 14 to 1. She noted that DPS has made arrests in the home invasion and peeping tom incidents. A Housing Security crime prevention team has met with over 1,000 residents during the past academic year discussing methods they could take to improve their safety, and community policing efforts have been enhanced. Overall, she said the administration is very pleased with the decline in residence hall crime over the past year, and they will continue to be vigilant. She thanked the Regents for their commitment and support in this area. Vice President Harper also commented on the work being done by MSA leadership over the summer on preparations for welcoming students in the fall.

**University of Michigan-Dearborn.** Chancellor Little opted to defer his report until the next month.

**University of Michigan-Flint.** President Coleman announced that Chancellor Mestas had recently published a book of poetry in Spanish, *Centro de Gravedad* (“*Center of Gravity*”).

. Chancellor Mestas called attention to University of Michigan-Flint faculty members who had been selected by their peers to receive faculty excellence awards.

**Michigan Student Assembly Report.** Ms. Angela Galardi, president of Michigan Student Assembly, reported that tickets to the “Airbus” will now be sold through the Michigan Union Ticket Office, institutionalizing this MSA-initiated program. She noted that MSA leaders had been receiving media training in preparation for the announcement of the decision on the

affirmative action cases. They are also working to help the campus community learn about the ramifications of the decision. She introduced Monique Perry, vice president of MSA, who noted that she was extremely excited about serving in this capacity for the coming year. President Coleman thanked both students for all of their efforts over the summer.

**Voluntary Support.** Vice President May submitted the report of voluntary support for May 2003. He noted that significant progress is being made on campaign planning and implementation, including recruitment of donors and volunteers.

**Personnel Actions/Personnel Reports.** Provost Courant submitted a number of personnel actions and personnel reports. He called attention to the reappointment of James Steward as director of the Museum of Art and the appointment of Terrance McDonald as dean of the College of LS&A.

Regent McGowan called attention to the recommendation for the appointment of Timothy P. Slottow as executive vice president and chief financial officer. She observed that “This is a man who has earned this job by performance. I think that’s the best way to get it, and I’m delighted.”

President Coleman highlighted Mr. Slottow’s appointment and that of Robert P. Kelch as executive vice president for medical affairs.

**Retirement Memoirs.** Vice President Tedesco submitted memoirs for 17 retiring faculty members.

**Memorials.** Provost Courant reported that Candace P. Johnson had died suddenly on June 11, 2003. He noted that she had worked at the University for 30 years, including 13 years in the Office of the Provost, and had been an extremely valued member of the provost’s office staff.

**Degrees.** There are no actions with respect to degrees this month.

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

### **Alternate Asset Commitments**

Executive Vice President Slottow informed the Regents of a recent commitment of \$50.0 million from the Long Term Portfolio to Crow Holdings Realty Partners III, L.P.

### **Authorization for Expenditures in Fiscal Year 2003-2004 for the University Health System**

On a motion by Regent Brandon, seconded by Regent Richner, the Regents unanimously approved recommendations for continuing Health System operations in the 2003-2004 fiscal year beginning July 1, 2003, as described in the Regents Communication. This authorization will continue until the 2003-2004 budgets are prepared and approved.

### **Authorization for Expenditures in Fiscal Year 2003-2004 for University Operations**

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved recommendations for continuing University operations in the 2003-2004 fiscal year beginning July 1, 2003, as described in the Regents Communication. This authorization will continue until the 2003-2004 budgets are prepared and approved.

### **Sale of Tax Exempt Commercial Paper to Finance University Projects**

On a motion by Regent Maynard, seconded by Regent Brandon, the Regents unanimously approved authorization for an increase of up to \$47 million in the amount approved to be outstanding under the commercial paper program. The total amount approved to be outstanding after this approval will increase to \$84 million, which is within the \$120 million authorized.

### **Planned Uses of Income from the Julian A. Wolfson and the Marguerite Wolfson Endowment Funds for the Fiscal Year 2003-2004**

On a motion by Regent Newman, seconded by Regent Brandon, the Regents unanimously approved the uses of the income of the Wolfson Endowment Funds in 2003-2004 as recommended by the Law School faculty and described in the Regents Communication.

### **Gerald R. Ford School of Public Policy Building Project**

Executive Vice President Slottow noted that Preston Gumberich, principal with Robert A.M. Stern Architects, would be presenting the proposed design for the Gerald R. Ford School of Public Policy Building. Provost Courant commented that the new building was necessary to house this school, due to the importance and visibility it had gained in recent years. He introduced Dean Rebecca Blank.

Dean Blank commented that she had spoken with former president Ford that morning and that he was very excited about this project. He had informed her that a friend of his had decided to donate \$500,000 in honor of President Ford's upcoming 90th birthday.

Mr. Gumberich introduced his associate, Jeffrey Provero. The architects noted that the building would be located at the corner of South State and Hill Streets, a gateway to the central campus. They displayed a map of the site, a site plan, and plans for each floor of the building, as well as a wooden site model. They noted that due to the slope of the site, the building would have two entrances, one from the north and one from the south, and this would encourage a good deal of traffic from students. The building is designed so that the lower levels would be associated with general University populations and the upper levels would be more specific to the Ford School. They reviewed plans for each floor of the building, noting that it includes a "great hall" which would be used as a central meeting space or to hold large events. The building includes

classrooms, auditoriums, student services areas, a library and reading room, computer room, lounge, office space for faculty and graduate students, and research centers.

The architects concluded by displaying a rendering of the exterior, noting that it contains elements of landmark campus buildings such as the Michigan Union, Michigan League, the Harlan Hatcher Graduate Library, and other structures which make it readily identifiable it as a University of Michigan building.

Mr. Slottow stated that the project budget of \$32,000,000 would be funded by a combination of investment proceeds and gifts. He noted that construction approval would not be sought until the fundraising goal had been met.

On a motion by Regent Newman, seconded by Regent Deitch, the Regents unanimously approved the schematic design for the Gerald R. Ford School of Public Policy Building Project.

### **Perry Building Addition Project**

Executive Vice President Slottow introduced Tom Birdsey, principal with Einhorn Yaffee Prescott Architecture. Mr. Birdsey displayed a photo of the Perry Building, noting that his firm had recently completed a renovation project for this building. He noted that the addition would be a 4-story, L-shaped building to the south of the original, historical structure. He commented that the floor plans were designed to accommodate the flexible research teams used by the Institute for Social Research (ISR). He said that the addition will be placed on the existing parking lot, which will displace about 45 parking spaces. The addition will be connected by a two-story entrance lobby to the original Perry Building so as not to undermine the foundation of the original building and to preserve its integrity.

Mr. Birdsey displayed a rendering of the exterior of the addition and noted that the same materials would be used as in the existing building. Regent McGowan commented on the

historical connection of the building, and that her father-in-law used to walk to the Perry School 90 years ago when it served as an elementary school. Provost Courant observed that the Perry School Project, which was the original social science research that established the efficacy of the Head Start Program over 30 years ago, took place in this building.

On a motion by Regent McGowan, seconded by Regent Maynard, the Regents unanimously approved the schematic design and revised budget for the Perry Building Addition project as presented at the meeting.

### **College of Engineering Advanced Technology Laboratories Biomedical Engineering Project**

Executive Vice President Slottow introduced Mr. Bob Frasca, principal with Zimmer Gunsul Frasca Partnership. Mr. Frasca displayed a map indicating the location of this building in relation to other buildings on North Campus and also displayed a site model. He noted that the principle goals are to have a gateway to the engineering campus and to be able to integrate it with the Advanced Technology Laboratories Building in as seamless a fashion as possible.

Mr. Frasca discussed the site plan for the building, plans for each level, and renderings of the exterior. The building includes an entry courtyard, and the exterior surface would coordinate with other North Campus buildings. The building is intended to provide a welcoming entryway to the engineering campus. On a motion by Regent McGowan, seconded by Regent Taylor, the Regents unanimously approved the schematic design for the College of Engineering Advanced Technology Laboratories Biomedical Engineering Project as presented.

### **Intramural Sports Building New Weight Training Room and Rock Climbing Area**

On a motion by Regent Brandon, seconded by Regent Taylor, the Regents unanimously approved the intramural Sports Building New Weight Training Room and Rock Climbing Area Project. Regent Newman was absent for this vote and the following vote.

### **Lease Agreement with Traverwood II LLC**

On a motion by Regent McGowan, seconded by Regent Deitch, the Regents unanimously approved a lease agreement with Traverwood II LLC for property located at 2910 Huron Parkway. Because William C. Martin is a member of Traverwood II LLC and is also a University of Michigan employee, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the lease agreement are the Regents of the University of Michigan and Traverwood II LLC.
2. The service to be provided is the lease of 11,051 square feet of building space at 2910 Huron Parkway for ten years, beginning June 1, 2003 through May 30, 2013, beginning at a monthly rate of \$19,800 and ending at an estimated monthly rate of \$26,610. Under the lease agreement, the landlord is responsible for constructing any desired leasehold improvements.
3. The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is a member of Traverwood II LLC.

### **Approval of Payment for Talley Photo+Graphics**

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved payment to Talley Photo+Graphics for an exhibit display and design services. Because Kathleen Talley, sole proprietor of Talley Photo+Graphics, is also a University of Michigan employee, this purchase falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the contract are the Regents of the University of Michigan and its LS&A Honors Program and Talley Photo+Graphics.
2. The goods and services provided are an exhibit display and design services. The cost for the goods and services is \$3,320.20.
3. The pecuniary interest arises from the fact that Kathleen Talley, a University of Michigan employee, is sole proprietor of Talley Photo+Graphics.

## License Agreement between the University of Michigan and Opteos, Inc.

On a motion by Regent Maynard, seconded by Regent McGowan, the Regents unanimously approved a license agreement between the University of Michigan and Opteos, Inc. Because John F. Whitaker holds an equity interest in Opteos 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. Parties to the agreement are the Regents of the University of Michigan and Opteos, Inc.
2. Licensing terms include:

A license issue fee of \$5,000.

Royalties to the University according to the following schedule:

<u>Product Sales Price</u>	<u>Royalty</u>
9 - \$50,000	1.5%
\$50,000 - 100,000	2.0%
\$100,000 - \$250,000	2.5%
\$250,000 - \$500,000	4.0%
Higher than \$500,000	6.0%

Royalties of 20% on sublicense revenue.

Exclusive right to practice and commercialize the technology, subject to certain rights reserved by the University to practice it for research and educational purposes. The University retains ownership.

Minimum annual royalties of:

- (1) In 2005: \$1000 per issued U.S. patent covering the technology;
- (2) In 2006: \$1500 per issued U.S. patent covering the technology;
- (3) In 2006: \$2000 per issued U.S. patent covering the technology;
- (4) In 2008 and in each year thereafter during the term of this agreement: \$5000 per issued U.S. patent covering the technology.

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

No use of University services or facilities, nor any assignment of University employees, is obligated under the agreement.

3. The pecuniary interests of Dr. Whitaker arise from his ownership interest in Opteos. He has waived any personal participation in the sharing of royalties received by the University from the company.

## License Agreement between the University of Michigan and Michigan Critical Care Consultants (MC3)

On a motion by Regent Brandon, seconded by Regent McGowan, the Regents unanimously approved a license agreement between the University of Michigan and Michigan Critical Care Consultants (MC3). Because Dr. Robert Bartlett is a University of Michigan and employee and also has an equity interest in MC3, 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 MC3.

2. Licensing Terms include:

Field of Use: All fields

Grant: Exclusive

License Fee: \$10,000

Royalties: 5% of net sales of licensee, affiliates and sublicensee, 25% of the sublicensing revenues not based on sales

Annual License \$10,000 per year from 2003 to 2006

Maintenance Fees: \$15,000 in 2007  
\$20,000 in 2008  
\$25,000 in 2009  
\$50,000 per year thereafter during the term of the agreement.

Milestone Fees \$10,000 upon successful completion of efficacy testing of NO releasing compounds; \$25,000 for first successful demonstration of blood handling device; \$50,000 upon FDA approval of first product; \$100,000 upon launch of first commercial product

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

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

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

No use of University services or facilities, nor any assignment of University employees, is obligated under the agreement.

3. Dr. Bartlett's pecuniary interests arise from his equity interest in MC3.

### **License Agreement between the University of Michigan and Etubics®**

On a motion by Regent Maynard, seconded by Regent Deitch, the Regents unanimously approved a license agreement with Etubics® for practice and commercialization of a portfolio of inventions developed and jointly owned by the University of Michigan and the University of Washington. Because Dr. James Mule is a University of Michigan employee and also part owner of Etubics®, 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 Etubics®.

2. Licensing terms:

Field of Use: All medical uses such as vaccines, diagnostics, gene therapy and therapeutics for human and veterinary uses

Grant: Exclusive, worldwide in the field of use

Patent Costs: Etubics® will reimburse the University patent costs incurred by the University for the licensed technologies

Equity: Four percent (4%) of the outstanding shares at first round of financing of at least \$3 million.

Royalties: Five percent (5%) of NET SALES by Licensee and sublicensees Fifty percent (50%) for the first five year, thirty percent (30%) for the next five years and twenty percent (20%) thereafter of non-royalty sublicense income.

Minimum Royalties: \$10,000 from 2006-2008 escalating to \$50,000 upon commercial sale.

Performance criteria: Specific milestones must be met in order to maintain the rights granted by the license. Milestone payments will be due upon successful completion of milestones.

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

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

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

3. The pecuniary interest of Dr. Mule arises from his ownership interest in Etubics®. Dr. Mule is not an inventor on any of the licensed files.

### **Implementation of the Regents' Policy on Research Grants, Contracts, and Agreements, FY02**

The Regents received the report on implementation of the Regents' Policy on Research Grants, Contracts, and Agreements for fiscal year 2002.

This concluded the business of the formal session of the board.

### **Informal Session**

Regent Maynard announced that the Regents would meet in informal session to consider a period personnel evaluation.

The Regents met in informal session beginning at 4:30 p.m., and the meeting concluded at 6:00 p.m. The next meeting will be held July 17, 2003.