

SEPTEMBER MEETING, 2003

*The University of Michigan
Ann Arbor
Thursday, September 18, 2003*

The Regents convened at 2:10 p.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.

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

Public Comments

The Regents heard comments from the following people, on the topics indicated: Jim Mogensen, citizen, regarding "Town-Gown Relationship--Common Infrastructure;" Chetly Zarko, alumnus, on "The Diversity Question;" and David Noel, citizen and member of V.O.I.C.E. board of directors, on class discrimination against homeless and poor people at the University of Michigan.

Comments from President Coleman

Update on Sexual Assault Prevention and Education Activities. Following a short break, President Coleman updated the Regents on the wide array of activities that have been undertaken by the Office of the Vice President for Student Affairs and the Athletic Department to educate students about sexual assault, dating and domestic violence, and sexual harassment. These include programs held during summer orientation for every first-year student, programs for every student

living in the residence halls, training for volunteer peer educators through the Sexual Assault Prevention and Crisis Center (SAPAC), and intensified educational efforts for student athletes. She introduced Dr. Kelly Cichy, director of SAPAC.

Executive Vice President for Medical Affairs. President Coleman welcomed Robert Kelch, who began his tenure as executive vice president for medical affairs on September 15, 2003.

President Coleman highlighted a number of notable achievements that had occurred throughout the University since the last meeting. She noted that former president Gerald Ford was on campus for the dedication of the site of the new Gerald R. Ford School of Public Policy Building. President Coleman commended plant and facilities personnel, whose efforts were rewarded last week when the University received the 2002 Energy Star Combined Heat and Power Award from the U.S. Environmental Protection Agency and the U.S. Department of Energy. She also called attention to a three-month long, University-wide event, “Celebrating St. Petersburg,” being held in observance of the tri-centennial of St. Petersburg, Russia.

Parking and Transportation Update

Executive Vice President Slottow commented that parking is one of the most strategic investments made at the University, and this requires comprehensive, long-term planning. He had asked Associate Vice President Henry Baier to present the strategic parking and transportation plan.

Mr. Baier noted that about 4,000 faculty and staff members have been added to the University since 1998, which has a significant impact on parking and transportation programs. Fortunately, each person does not equate to a parking space since some people use alternative transportation, some are in off-campus leased facilities, and some work different shifts. In 1998

the parking and transportation departments were combined, in recognition of a significant need for more remote parking and enhanced transportation options. Incentives have been created for the remote parking options and for encouraging busing and van pooling from home, as the University recognizes that it cannot provide “at-the-door” parking for everyone.

Mr. Baier reviewed some of the more than 30 initiatives that have been put into place since 1998, which include free van pools, increased bus services, and additional leased parking spaces in outlying lots. These initiatives have resulted in 1,300 net new “Blue” spaces and 1,300 net new remote spaces added in the previous 5 years. He noted that the University bus system transports 4.5 million passengers per year and described additional services available to employees who park in remote lots. In partnership with the Ann Arbor Transportation Authority (AATA), free “Park and Ride” lots are provided, which have been very successful in reducing the number of vehicles coming onto campus. AATA provides bus transportation from these lots. In addition, the University provides free AATA bus passes for employees who do not purchase parking permits.

Other initiatives include “crunch” lots with free taxi service for “Blue” or “Gold” permit holders who can’t find parking spaces, and subsidized van pools that are free to users. As an additional incentive, free, 24-hour emergency cab service is provided for those who use buses, van pools, or remote parking. The number of daytime spaces has increased by providing off-site parking for contractors and free after-hours permits to retirees.

Mr. Baier then turned to plans being made to increase the number of parking spaces in the future. He noted that between 1998 and 2002, 1,300 net spaces were added on the central and medical campuses. Between 2003-2007, there will be a decrease of 1,030 spaces but an increase of 2,260, assuming future approval of two proposed major new projects, one on Ann Street that

would yield 500 spaces by 2005, and another on Thompson Street, which would add about 440 spaces by 2007.

Mr. Baier reviewed annual rates for each of the four categories of permits. The employee contribution for these permits ranges from \$1,000 to \$57, as opposed to \$1,260 charged by the City of Ann Arbor Downtown Development Authority for its parking spaces. He noted that several options are being considered for funding of the new Ann Street and Thompson Street parking decks, including increased employee contributions and a review of the relationship between departmental and employee contributions.

Mr. Baier noted that planning has also begun for possible parking options beginning in 2008 and beyond. Items under consideration include building new parking structures in as yet unidentified locations on North Campus, South Campus, and Wall Street.

Although there continues to be a shortage of parking spaces, the parking crunch should improve somewhat in 2004, and if the proposed new Ann Street and Thompson Street structures are approved, 2,500 new "Blue" spaces will have been created between 1998 and 2007. Incentives will continue to be offered to increase participation in remote parking options and alternative transportation programs.

Regent Newman asked if the plan presented today included visitor parking, and Mr. Baier responded that the presentation data included only faculty and staff parking spaces.

Executive Vice President Slottow introduced Pat Cunningham, director of Parking and Transportation Services, who is retiring after having done an extraordinary job in managing the unit's transition to a more system-wide focus on these issues.

Committee Reports

Finance, Audit, and Investment Committee. Regent Brandon reported that the committee had met that morning with Erik Lundberg to receive information regarding the University's investment portfolio and with PricewaterhouseCoopers for a review of the recently completed audit. They also held a discussion about the Sarbanes-Oxley legislation and what other universities across the country are doing in response.

Compensation and Personnel Committee. Regent Maynard commented that the committee had set its schedule for the year and is currently reviewing information on various models that could be used for presidential evaluation.

The Regents then turned to the regular agenda.

Consent Agenda

Minutes. Vice President Tedesco submitted for approval the minutes of the meeting of July 17, 2003.

Reports. Executive Vice President Slottow submitted the Investment Report, noting that the annual investment report and performance would be discussed next month. He also submitted the Plant Extension Report, commenting that the Life Sciences Institute had opened, on time and on budget, on September 15; and the Human Resources and Affirmative Action Report. Regent McGowan commented that the Life Sciences Institute is "fantastic" and complimented everyone involved in its planning and construction, with a special note of thanks to Marina Roelofs, Director of Plant Extension, for her leadership on this effort.

Litigation Report. Vice President Krislov submitted the Litigation Report.

Research Report. Vice President Ulaby submitted the report of Projects Established, July 1 - August 31, 2003. He then announced that in 2003 the University's total research expenditures

amounted to \$749 million, an increase of more than 14% (\$94 million) over the previous year, and the highest ever total dollar increase. He noted that half of the total increase is in the biomedical or life sciences area. He gave brief descriptions of four of the largest research projects and reported on the activities of a student research project under the auspices of the Undergraduate Research Opportunity Program (UROP). Vice President Ulaby also reported that for the first time, the University of Michigan is among the top ten institutions nation-wide in the impact of technology transfer in the life sciences.

University of Michigan Health System. Executive Vice President Kelch said that he is pleased to be attending the meeting with his new colleagues and looked forward to the time ahead.

Division of Student Affairs. Vice President Harper reported that “Welcome Week” and move in had been very successful, with 9,500 students having moved into the residence halls. She described several events done in conjunction with Welcome Week: “Artscapade,” “Escapade,” “Community Plunge,” and “Festifall.” She introduced Susan Wilson, director of the Student Activities Leadership Program, and Eric Aronson, an alumnus and former MSA president who has been providing in-kind services and funding for the leadership program.

University of Michigan-Dearborn. Chancellor Little reported that the highlight of the start of the school year had been the newly-established first-year incoming student convocation. About 350 first-year students, 400 parents, and more than 80 faculty members participated. He also commented that enrollment on the Dearborn campus increased 3.4% over the previous year, to about 9,000 students, and that a large portion of the increase was in graduate programs. He noted that the purchase of the Fairlane Training and Development Center had been concluded and that renovations are underway.

University Residence Halls. Regent Newman inquired when the report on residence halls would be presented. Vice President Harper responded that she was hoping to be able to present it in November 2003 and that the report would include options for renovations and additional halls, along with financial models. It was noted that a consultant had been hired and that the November report would include a discussion of the consultant's findings. The review has taken a long time because of the fact that the housing system is complex, expensive, and aged. There are also a number of components that need to be examined, including dining services and the private residential "North Quad" development. All options are being explored, including new construction and renovation.

Executive Vice President Slottow commented that there has been extensive outreach to students, student groups, staff, and faculty who will be affected by the study's recommendations. He noted also that a great deal of detailed financial and operational data is being collected. Regent Newman said that she hopes the report will include data on the residence hall amenities provided at institutions with whom we compete for students. Vice President Harper responded that the report will be a comprehensive overview.

University of Michigan-Flint. Chancellor Mestas commented that, as expected, enrollment on the Flint Campus has dropped by 4%, although revenue has dropped only by 3%. He noted that every year, a faculty member is selected to be the senior advisor to the chancellor, and introduced the current holder of this position, Professor Ricardo Alfaro. Chancellor Mestas observed that despite the loss of funding, the campus is doing very well and the quality of education has not suffered.

Michigan Student Assembly Report. MSA president Angela Galardi updated the Regents on projects planned by MSA for the coming year. These include off-campus housing issues,

changing the timing of spring break, and bringing the “Entree Plus” program back into Michigan Stadium and other athletic venues, among other projects. She also noted that students are working on actions they can take to improve inappropriate behavior towards fans by students on football days. Finally, she commented that she is holding discussions with the student body presidents on the Dearborn and Flint campuses to work out a means by which they would have opportunities to address the Board.

President Coleman complimented Ms. Galardi and MSA for having organized a very successful vigil in remembrance of the events that had occurred on September 11, 2001.

Voluntary Support. Vice President May submitted Reports on Voluntary Support for June, July, and August, 2003, including a report for Fiscal Year 2002-2003. Voluntary support for 2002-03 totaled \$183,895,000, an increase of 9.4%. Individual giving represented the largest category of increase, at 14%, and corporate and foundation support rose 1.7%.

Personnel Actions/Personnel Reports. Provost Courant submitted a number of personnel actions and personnel reports. He called attention to recommendations for the reappointment of William Gosling as University librarian and Allen Lichter as dean of the Medical School. He pointed out also the appointments of Dr. Valerie Castle as chair of the Department of Pediatrics and Communicable Diseases in the Medical School and Dr. Deborah Goldberg as chair of the Department of Ecology and Evolutionary Biology in the College of Literature, Science, and the Arts, both effective September 1, 2003. He noted that their appointments are the first ever appointments of women as chairs of departments in the Medical School or in the sciences in the College of Literature, Science, and the Arts.

Retirement Memoirs. Vice President Tedesco submitted memoirs for 11 retiring faculty members, and called attention to the memoir for Giles Bole, dean emeritus of the Medical School.

Dr. Kelch noted that Dr. Bole had made outstanding contributions during his tenure as dean, focusing on changing the way in which physicians are educated, which has had a major impact on medical education.

Memorials. Vice President Tedesco submitted a memorial statement for Paul R. Pintrich, professor of education and professor of psychology.

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

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

The University of Michigan Financial Statements for the Year Ended June 30, 2003

Executive Vice President Slottow noted that the Regents would be receiving review copies of the University's comprehensive financial statements for fiscal year 2003 under separate cover, and they would be submitted for approval at the October 2003 meeting.

2003-2004 All Campus Budget Book

The Regents received the 2003-2004 All Campus Budget Book.

Alternative Asset Commitments

Executive Vice President Slottow informed the Regents that follow-on investments had been made in the following three previously approved alternative asset partnerships: Greenfield Acquisition Partners III, L.P. (\$30 million); CT Mezzanine Partners III, L.P. (\$10.0 million); and Bennett Restructuring Fund (\$10.0 million).

Alternative Asset Commitment

On a motion by Regent McGowan, seconded by Regent White, the Regents unanimously approved commitment of \$15.0 million from the Long Term Portfolio to Rockwood Capital Real Estate Partners Fund V, L.P.

Donor Pooled Income Fund

On a motion by Regent Brandon, seconded by Regent White, the Regents approved American Funds' Capital Income Builder (CIB) mutual fund as the investment vehicle for the Donor Pooled Income Fund.

Fixed Income Management

On a motion by Regent McGowan, seconded by Regent White, the Regents unanimously approved modifying the mandate for the fixed income account managed by Bridgewater Asset Management to allow small exposures to other types of investments to add value to their primary assignment of providing exposure to Treasury Inflation Protected Securities.

Private Equity Investment

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved commitment of up to €20.0 million (approximately \$22.0 million) from the Long Term Portfolio to Permira Europe III, a pan-European private equity fund that will invest in European growth and buy-out transactions.

Literature, Science, and the Arts (LS&A) Building Renovation Project

Executive Vice President Slottow reported that the design of this building has been changed to accommodate the majority of the mechanical equipment in the basement, rather than on top of the building, eliminating 6,500 gross square feet of penthouse space. He noted that this is

the last of four major core academic undergraduate building renovations in the original project to be completed on the Ann Arbor campus with State of Michigan capital outlay funding. On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved issuing the Literature, Science, and the Arts Building Renovation Project for bids and awarding construction contracts providing that bids are within the approved budget.

College of Engineering Advanced Technologies Laboratories Biomedical Engineering Project

On a motion by Regent Taylor, seconded by Regent Brandon, the Regents unanimously authorized issuing the College of Engineering, Advanced Technologies Laboratories Biomedical Engineering Project for bids and awarding construction contracts providing that bids are within the approved budget. Executive Vice President Slottow noted that the 94 total parking spaces needed for this project will be accommodated by the University's North Campus parking expansion plans.

College of Engineering Computer Science and Engineering Building

On a motion by Regent Taylor, seconded by Regent White, the Regents unanimously approved issuing the College of Engineering Computer Science and Engineering Building Project for bids and awarding construction contracts providing that bids are within the approved budget.

Matthaei Botanical Gardens Boilers and Water Heater Replacement

On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved the Matthaei Botanical Gardens Boilers and Water Heater Replacement 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.

Central Power Plant Replacement of Steam Pressure Reducing Valves

Executive Vice President Slottow commented on the phenomenal performance of Central Power Plant staff during the blackout that occurred on August 15, 16, and 17, and he thanked them on behalf of the University. The investment in planning and training over many years paid off.

On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved the Central Power Plant Replacement of Steam Pressure Reducing Valves Project, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Central Power Plant 480 Volt Station Power System Upgrade, South Side

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved the Central Power Plant 480 Volt Station Power System Upgrade, South Side Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

North Campus Chiller Plant Project (NCCP)

Executive Vice President Slottow pointed out that this project is the result of several years of effort to develop a comprehensive chilling plan for North Campus that will serve existing and anticipated buildings on North Campus, while saving capital and operating costs. On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved the North Campus Chiller Plant Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

University of Michigan Medical School Medical Science Unit I Cyclotron Relocation/ Addition Project

On a motion by Regent Taylor, seconded by Regent McGowan, the Regents unanimously approved a revised budget for the University of Michigan Medical School Medical Science Unit I Cyclotron Relocation/Addition Project, 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) University Hospitals Neuro Angio BiPlane Imaging Equipment Replacement Project

On a motion by Regent Brandon, seconded by Regent Taylor, the Regents unanimously approved the UMHHC Neuro Angio BiPlane Imaging Equipment Replacement Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

University of Michigan Hospitals and Health Centers (UMHHC) University Hospital Procedures Recovery Expansion Project

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved the (UMHHC) University Hospital Procedures Recovery Expansion Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Creation of a Subsidiary Corporation to M-Care

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved creation of a wholly owned subsidiary corporation of M-Care for the purpose of developing and offering PPO products, and authorized M-Care to provide funding for the new corporation in the form of an equity transfer in an amount up to \$10.5 million, as described in the Regents Communication.

University of Michigan Hospitals and Health Centers (UMHHC) Relocation of Clinical Labs Project - Traverwood II Leasehold Improvements

On a motion by Regent Brandon, seconded by Regent Taylor, the Regents unanimously approved the UMHHC Relocation of Clinical Labs Project, as described in the Regents Communication.

Conflict of Interest Items

President Coleman noted that the agenda includes 20 conflict of interest items, each of which requires 6 votes for approval. She said that these would be considered together as a block, in one vote, unless any Regent requests individual consideration of, or recusal from voting on, a particular item. Accordingly, there being no requests for individual consideration or recusal, on a motion by Regent Taylor, seconded by Regent White, the Regents unanimously approved each of the following items.

Lease Agreement between the University of Michigan and Traverwood II LLC

The Regents approved a lease agreement for property located at 2910 Huron Parkway to be leased from Traverwood II LLC. Because William C. Martin is a member of Traverwood II LLC, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and Traverwood II LLC.
2. The service to be provided is the lease of 16,600 square feet of building space at 2910 Huron Parkway for ten years, beginning January 1, 2004 through December 31, 2014, beginning at a monthly rate of \$30,433 and ending at an estimated monthly rate of \$42,929. Under the lease agreement, the landlord will be contributing \$830,000 towards proposed leasehold improvements that total \$4,935,000.00. The landlord will be responsible for managing the construction of the 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.

Lease Agreement between the University of Michigan and William C. Martin

The Regents approved a lease agreement for property located at 330 East Liberty Street, owned by William C. Martin. Because William C. Martin 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 William C. Martin.
2. The service to be provided is a continuation of a lease agreement for 7,800 square feet of building space at 330 East Liberty Street for ten years and one month, beginning October 1, 2003 through October 31, 2013, beginning at a monthly rate of \$13,325.00 and ending at an estimated monthly rate of \$17,390.00. 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 the owner of the property at 330 East Liberty Street.

Authorization for Payment for Hesseltine & DeMason Design Inc.

The Regents approved payment to Hesseltine & DeMason Design Inc. for design and printing of a brochure for the Department of Otolaryngology. Because Douglas Hesseltine is a partner in Hesseltine & DeMason Design Inc. and 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. The parties to the contract are the Regents of the University of Michigan and its Department of Otolaryngology and Hesseltine & DeMason Design Inc.
2. The goods and services provided are design and printing of a brochure. The cost for the service is \$3,200.00.
3. The pecuniary interest arises from the fact that Douglas Hesseltine, a University of Michigan employee, is a partner in Hesseltine & DeMason Design Inc.

Approval of Payment for Xoran Technologies

The Regents approved a payment to Xoran Technologies to fund a portion of compensation for MBA interns in the Marcel Gani Internship Program. Because Neal H. Clinthorne is a

stockholder in Xoran Technologies and 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. The parties to the contract are the Regents of the University of Michigan and its Institute for Entrepreneurial Studies and Xoran Technologies.
2. The service provided is placement of student interns. The cost for the service is a maximum of \$6,000.00 per intern, with a possibility of 2 intern placements, for a total of \$12,000.00.
3. The pecuniary interest arises from the fact that Neal H. Clinthorne, a University of Michigan employee, is a stockholder in Xoran Technologies.

Authorization for an increase in amount of purchasing agreement with Clark MXR

The Regents approved an increase in the amount of a purchasing agreement between the Center for Ultrafast Optical Science and Clark MXR. Because Gerard Mourou is a University of Michigan employee and is also a stockholder and board member of Clark MXR, this purchasing agreement falls under the State of Michigan Conflict of Interest Statute:

1. The parties to the contract are the Regents of the University of Michigan and its Center for Ultrafast Optical Science and Clark MXR.
2. The goods and services provided are parts and repair. The total cost for the service and parts is \$16,188.00, of which \$8,060.00 has been approved.
3. The pecuniary interest arises from the fact that Gerard Mourou, a University of Michigan employee, is a stockholder and board member of Clark MXR.

Purchasing Contract with Valley View Farm

The Regents approved a purchasing contract between the Reproductive Sciences Program and Valley View Farm. Because the sole owner of Valley View Farm, Dennis Doop, is also a University of Michigan employee, this contract falls under the State of Michigan Conflict of Interest Statute. The following information is provided by statutory requirements:

1. The parties to the contract are the Regents of the University of Michigan and its Reproductive Sciences Program, and Valley View Farm.

2. The product to be provided is sheep for the purpose of medical research, with the sheep to be provided for the period beginning June 4, 2003 and ending June 3, 2005, for a total dollar amount of \$13,600.00.
3. The pecuniary interest arises from the fact that Douglas Doop, a University of Michigan employee, is the sole owner of Valley View Farm.

Subcontract Agreement between the University of Michigan and Purdue University

The Regents approved a subcontract with Purdue University to support the collaborative activities of Professor Linda Katehi of Purdue University for the project, “Miniaturized Antennas with Electromagnetic Meta Materials.” Because Professor Katehi is on a leave of absence from the University of Michigan with a 0% appointment, 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 Purdue University
2. The agreement with Purdue University is for the entire performance period December 1, 2002 through June 30, 2005, at a total cost of \$644,676. The University’s standard subcontract provisions will apply.
3. Professor Katehi has no pecuniary interest in the agreement.

Subcontract Agreement between the University of Michigan and Instrumentation Associates, Inc.

The Regents approved a subcontract agreement between the University of Michigan and Instrumentation Associates, Inc. that will enable Thomas Zurbuchen, a professor in the Department of Atmospheric, Oceanic and Space Sciences to assist in the performance of funded research. Because Dr. Ronald Berliner is founder, owner and president of Instrumentation Associates, Inc. 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 University of Michigan and Instrumentation Associates, Inc.

2. The terms of the agreement conform to University policy. The period of performance for the project is nine (9) months and the amount of funding support is \$12,189.
3. Dr. Berliner's pecuniary interest arises from his status as founder, owner, and president of Instrumentation Associates, Inc.

Subcontract Agreement between the University of Michigan and Therapeutic Systems Research Laboratories, Inc. ("TSRL")

The Regents approved a subcontract agreement between the University of Michigan and Therapeutic Systems Research Laboratories, Inc. ("TSRL") for funding of a research project in the School of Dentistry. Because Dr. Gordon Amidon, and owner of TSRL, and Phillip Kish, an employee of TSRL, are also University of Michigan employees, 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 Therapeutic Systems Research Laboratories, Inc. ("TSRL").
2. The terms of the agreement conform to University policy. The period of performance for the project is three (3) years and the amount of funding support is \$154,217.
3. The pecuniary interest of Dr. Kish and Dr. Amidon arise from their status as employee and owner, respectively, of TSRL.

Subcontract Agreement between the University of Michigan and ElectroDynamic Applications, Inc.

The Regents approved a subcontract agreement between the University of Michigan and ElectroDynamic Applications, Inc. (hereafter, "Company") for funding of a project in the College of Literature, Science, and the Arts. Because Dr. Alec Gallimore and Dr. Brian Gilchrist are co-founders and co-owners of the Company and are also University of Michigan employees, 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 ElectroDynamic Applications, Inc. ("Company").

2. The terms of the Agreement conform to University policy. The period of performance for the project is six (6) months and the amount of funding support is \$49,725.
3. Dr. Gallimore's and Dr. Gilchrist's pecuniary interest arises from their status as co-founders and co-owners of the Company.

Amendment to Subcontract Agreement between the University of Michigan and the Veridian Systems Division, Inc.

The Regents approved a subcontract agreement between the University of Michigan and the Veridian Systems Division, Inc. to support the collaborative activities of Dr. David Walker of Veridian Systems Division, Inc. on the project, "Design of a High-Speed Friction Drag Reduction Experiment Using the William B. Morgan Large Cavitation Channel." Because Dr. Walker also holds a 0% appointment as an associate research scientist at the University of Michigan, 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 Veridian Systems Division, Inc.
2. The subcontract to Veridian Systems Division, Inc., is for \$325,088 for the period covering November 26, 2002 through December 31, 2003. The period of performance on this award has been extended. The terms of the Agreement conform to University policy.
3. Dr. Walker's pecuniary interest stems from his position as an employee of Veridian Systems Division.

License Agreement between the University of Michigan and Neural Intervention Technologies, Inc. ("NIT")

The Regents approved a license agreement between the University of Michigan and Neural Intervention Technologies, Inc. that will involve an inter-institutional agreement with Arizona State University providing Michigan exclusive control of these technologies: UM File #2330 ("Alginate Polymer Chain Modification to Customize Tissue Reactivity for Endovascular Occlusion of Blood Vessels"); UM File #2501 ("Modification of Endovascular Coils with Alginate to Improve Occlusion of Vascular Defects"); UM File #2522 ("Alginate Dural Sealant"); UM File #2523 ("Diffusion of Molecules from Alginate for Therapeutic Treatment"). Because Daryl Kipke

and Tim Becker are both partial owners of NIT and are also University of Michigan employees, this agreement falls under the State of Michigan Conflate 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 Neural Intervention Technologies, Inc. (NIT).
2. Licensing terms:

Field of Use: All fields

Grant: Exclusive, Worldwide

Patent Costs: NIT will reimburse the University for costs incurred during the license. Back patent costs will be paid in quarterly installments over a 24-month period.

Equity: 12% of the outstanding shares at the effective date of the agreement. One half, or 6%, will be provided directly to ASU at the time of the license.

Royalties: Five percent (5%) of NET SALES. The total royalty may be reduced if one or more of the patents filed by UM are not issued and will be reduced for the period of time that NIT is required to pay back its grant from the MLSC.

Minimum royalties beginning in 2006 of \$25,000 increasing in step fashion to \$250,000 three years after first commercial sale or by 2010, whichever is earlier.

Sliding percentage of sublicense income from 30% down to 15% if sublicense is entered into 2 years after license.

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 interests of Daryl Kipke and Tim Becker arises from their ownership interest in NIT. They have waived any personal participation in the sharing of revenue received by the University from the company.

Subcontract Agreement between the University of Michigan and LivingText, LLC

The Regents approved a subcontract agreement between the University of Michigan and LivingText, LLC that will involve collaboration with LivingText, LLC. Because Perry Samson and Deborah Gibson are owners and/or employees of LivingText, LLC, and are also University of Michigan employees, 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 LivingText, LLC.

2. The terms of the proposed agreement conform to University policy. The amount of funding for the project is an estimated \$160,000, incrementally funded over a four-year period.
3. Perry Samson's and Deborah Gibson's pecuniary interest arises from their status as owners and/or employees of LivingText.

Proposed License Agreement between the University of Michigan and GMP Immunotherapeutics (“GMP”)

The Regents approved a proposed license agreement between the University of Michigan and GMP Immunotherapeutics (“GMP”) to practice and commercialize a portfolio of inventions owned by the University of Michigan. These include: UM File #1671 and related continuations and continuations-in-part entitled “Method for treatment of autoimmune disease”; UM File #1978 entitled “Method for identifying therapeutically useful cytotoxic agents;” UM File #2294 entitled “Novel molecular targets for chemotherapy;” and UM File #2606 entitled “New cytotoxic antiproliferative agents.” Because partial owners of GMP, Gary Glick and Anthony Opirari, are also University of Michigan employees, 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 GMP Immunotherapeutics (“GMP”).
2. Licensing terms:

Field of Use: All fields

Grant: Exclusive, Worldwide in the Field of Use

Patent Costs: GMP will reimburse the University for costs incurred during the license. Back patent costs up to \$50,000 will be reimbursed at the time of the license.

License Fee: \$150,000 at license signing, \$125,000 within 1 years, \$125,000 within 2 years

Equity: 3% of the outstanding shares at first round of financing of at least \$10 million.

Royalties: Two percent (2%) of annual NET SALES of less than \$50 million; 3% of annual NET SALES over \$50 million.

Sliding percentage of sublicense income from 15% down to 10% after the second year.

Minimum royalties: \$25,000 escalating to \$100,000 3 years after first 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. a Sponsored Research agreement of no less than \$1.5 million over 5 years will be put into effect within 90 days of execution of the license agreement.

3. The pecuniary interests of Drs. Glick and Oipari arise from their ownership interest in GMP. They have waived any personal participation in the sharing of revenue received by the University from the company.

Subcontract Agreement between the University of Michigan and Dentigenix, LLC

The Regents approved a subcontract agreement between the University of Michigan and Dentigenix, LLC (“Company”) to enable Dr. Paul Krebsbach, a University of Michigan faculty member, to assist in the performance of funded research in the role of principal investigator. Dr. Krebsbach is also a member of the Company’s scientific advisory board and has been offered stock options available to him relative to the Company. In addition, Dr. R. Bruce Rutherford, an adjunct faculty member in the School of Dentistry, is also chief scientific officer, co-owner, and co-founder 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 University of Michigan and Dentigenix, LLC.
2. The terms of the agreement conform to University policy. The period of performance for the project is twelve (12) months and the amount of funding support is sixty thousand dollars (\$60,000). The project will be directed by Dr. Krebsbach.
3. Dr. Rutherford’s pecuniary interest arises from his status as an owner of Dentigenix, LLC. Dr. Krebsbach’s pecuniary interest arises from his membership on the Company’s scientific advisory board and the availability of stock options relative to the Company. Dr. Krebsbach has agreed to give up the stock options in the Company while the project is ongoing.

Subcontract Agreement between the University of Michigan and NotABook, Inc.

The Regents approved a subcontract agreement between the University of Michigan and NotABook, Inc. Because Dr. Rees Midgley, co-founder, co-owner, and president of NotABook, Inc., and Dr. Lewis Kleinsmith, co-founder, co-owner, and treasurer of NotABook, Inc., are also

University of Michigan employees, 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 NotABook, Inc.
2. The terms of the agreement conform to University policy. The period of performance for the project is fourteen (14) months and the amount of funding support is \$13,341.
3. Drs. Midgley and Kleinsmith's pecuniary interest arises from their status as co-founder, co-owner, and president (Midgley) and co-founder, co-owner, and treasurer (Kleinsmith) of NotABook, Inc.

Subcontract Agreement between the University of Michigan and NanoCure Corporation

The Regents approved a subcontract agreement between the University of Michigan and NanoCure Corporation. Dr. James R. Baker, Jr., a University of Michigan faculty member, is part owner of NanoBio Corporation, and NanoBio Corporation has created a wholly-owned subsidiary called NanoCure Corporation (hereinafter, Company). Because Dr. Baker is both an owner of the Company and a University of Michigan employee, this agreement falls under the State of Michigan Conflict of Interest statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and NanoCure Corporation.
2. The terms of the proposed agreement conform to University policy. Dr. Baker will be the principal investigator for the project at the University to be conducted over a three-year period at an estimated total cost of \$1,274,438 including indirect cost at 20% (the rate applicable to the MLSCF). The Company will receive a subcontract in the amount of \$187,075. Dr. Baker will only participate in the project in his capacity as a University employee.
3. Dr. Baker's pecuniary interest arises from his status as an owner of the Company.

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

The Regents approved a subcontract agreement between the University of Michigan and Neural Intervention Technologies, Inc. (hereinafter, "Company") for the Company to provide services under a grant received by the University of Michigan. Dr. Daryl R. Kipke is a University

of Michigan employee who will be serving as principal investigator on the project, and is also part owner of the Company. Therefore the proposed research 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 Neural Intervention Technologies, Inc. (“Company”).
2. The terms of the proposed agreement conform to University policy. Dr. Kipke will be the principal investigator for the project at the University to be conducted over a three-year period at an estimated total cost of \$2,249,103 including indirect costs at 20% (the rate applicable to the MLSCF). The Company will receive a subcontract in the amount of \$1,037,772. Dr. Kipke will only participate in the project in his capacity as a University employee. Approval has been obtained for use of human subjects in this project.
3. Dr. Kipke’s pecuniary interest arises from his part-ownership in the Company.

Subcontract Agreement between the University of Michigan and the University of Notre Dame

The Regents approved a subcontract agreement between the University of Michigan and the University of Notre Dame involving collaborative work with Dr. James Kolata. Because Dr. Kolata is both a faculty member at the University of Notre Dame and adjunct professor at the University of Michigan, 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 the University of Notre Dame.
2. The agreement with the University of Notre Dame is for approximately \$37,173 and is anticipated to cover the period April 1, 2003 through June 30, 2004. The University’s standard subcontract provisions will apply.
3. Dr. Kolata has no pecuniary interest in the agreement.

Research Agreements between the University of Michigan and Nephros Therapeutics, Inc.

The Regents approved research agreements between the University of Michigan and Nephros Therapeutics, Inc. (hereafter, “Company”) involving two projects in the Medical School. Because Dr. H. David Humes, a University of Michigan employee, is also a director and partial

owner of the Company, these agreements fall under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreements are the University of Michigan and Nephros Therapeutics, Inc.
2. The terms of the proposed agreements conform to University policy. For Project 1, the MLSCF grant will be directed by Joseph Messana, M.D., of the Department of Internal Medicine as the principal investigator. The total grant to the University is \$1,432,230 over a two-year period at a 20% indirect cost rate. The subcontract portion to Nephros is \$904,882. Nephros is required to contribute significant in-kind cost-sharing to this effort. For Project 2, the Nephros sponsored project entitled "Optimization of Tubule Assist Device" will be directed by Dr. Humes over a six-month period at an estimated cost of \$239,758 at an indirect cost rate of 58%. These studies have been reviewed and approved by the appropriate animal use or human subjects institutional review board.
3. Dr. Hume's pecuniary interest arises from his status as a director and partial owner of Nephros Therapeutics, Inc.

There being no further business, the meeting was adjourned at 3:45 p.m. The next meeting will be held October 16, 2003.