

SEPTEMBER MEETING, 2004

*The University of Michigan
Ann Arbor
Thursday, September 23, 2004*

The Regents convened at 2:15 p.m. in the Regents' Room. Present were President Coleman and Regents Brandon, Deitch, Maynard, McGowan, Newman, Richner, 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 Taylor was absent.

Call to Order

President Coleman began the meeting by welcoming members of the University of Michigan community who participated in the 2004 Olympics in Athens, Greece, either as athletes or coaches. She noted that Regent McGowan would be presenting a resolution on behalf of the board.

Regent McGowan welcomed the following students and Athletics Department staff to the podium: Men's swimming: Andrew Hurd (student), 800 meter freestyle relay, Team Canada; Peter Vanderkaay (student), Gold Medal in 800-meter freestyle relay; Tom Malchow, 200-meter butterfly; Bob Bowman, Olympics assistant coach and UM head coach, 2004-present; Jon Urbanchek, Olympics assistant coach and UM men's swimming head coach, 1983-2004. Men's track: Tim Broe, (UM volunteer coach), 5,000 meter run; Nick Willis (UM student), 1,500 meter run, Team New Zealand; Ron Warhurst, UM men's track coach; and Bill Martin, UM athletic director, former board member and acting president of U.S. Olympic Committee,

2003-2004. [Dan Ketchum, who graduated in 2004 and won a gold medal in the 800-meter freestyle relay, was recognized but not present.]

Regent McGowan read the following resolution:

Regents' Resolution

The Regents of the University of Michigan applaud the 16 members of the University of Michigan family who participated in the Twenty-eighth Olympiad in Athens, Greece.

In sports ranging from rowing and swimming, to track, wrestling, and the triathlon, the University was well-represented -- and represented well -- by current and former student athletes and coaches at the 2004 Olympic games. We salute them for achieving the pinnacle of recognition in their respective sports.

The Regents take great pride in Michigan's Olympic athletes of the past, present, and future who have and will continue to so nobly uphold the honor and tradition of the yellow and the blue.

A standing ovation followed. Coach Warhurst thanked the Board on behalf of all of the resolution recipients. President Coleman again praised the athletes and coaches, and commented on how proud the University is of the volunteer service contributed by Bill Martin to the U.S. Olympic Committee. She noted that after having led the organization through a restructuring process, he graciously ceded his responsibilities once the newly-formed leadership was in place.

A five-minute break followed.

President's Opening Remarks

President Coleman commented on the successful conclusion of the "Welcome Week" activities for newly arriving students. She also called attention to the recent recognition of the gift of \$100 million from Stephen Ross for which the Regents had approved renaming the School of Business Administration the Stephen M. Ross School of Business. And she announced that

this school had just been named the number one business school in the nation by the *Wall Street Journal*.

President Coleman also discussed the recently-instituted advertising campaign calling for the community to “Take a Stand Against Sexual Violence,” and displayed some of the print advertisements that have been created to enforce this message.

Residential Life Initiatives

President Coleman commented that Vice President Harper and Carol Henry, assistant vice president for student affairs and director of housing, would next present the results of a study on residence life and would outline a comprehensive, ten-year plan, for major renovations to Michigan student housing. She noted that the University’s residence hall system currently does not adequately meet students’ needs. The goal is to create interactive neighborhoods within the residence halls to foster the sense of community and also to expand the connections between students’ residence lives and academic lives. The residence system will be renewed in a way that supports collaborative learning and living communities in a digital age.

President Coleman noted that as part of her presidential initiatives, she had established a task force to recommend innovative approaches for linking students’ academic and residential experiences. These recommendations will be used to help shape the renewal plan, which includes construction of a new residence hall, major renovations to two existing halls, technology upgrades, new dining concepts, and completion of life safety initiatives at a total cost of \$250-\$280 million. Specific project requests will be submitted for approval later in the fall. She thanked Vice President Harper, Assistant Vice President Henry, and the University Housing team for their efforts and input into the planning process.

President Coleman introduced Vice President Harper, who announced that following the presentation and discussion of the Residential Life Initiative findings and recommendations, specific action items for each component in the plan would be submitted in upcoming board meetings. She introduced Carol Henry, assistant vice president and director of housing, and noted that she had led successful housing renewal efforts at other institutions prior to her recent arrival at the University of Michigan.

Ms. Henry gave a slide presentation updating the Board on the Residential Life Initiatives, which, she noted, are basically a master plan for student housing, covering a ten-year period through 2014. The plan's guiding principles include creating inclusive, supportive communities that provide a variety of learning experiences and foster connections between life inside and outside of the classroom. She pointed out that University residence halls and dining halls are critical to the undergraduate experience and they provide a different experience than that provided by the private housing sector.

The RLI's guiding principles include 1) creating inclusive communities where students participate fully and take responsibility; 2) fostering connections between the in- and out-of-classroom experience; 3) supporting students in ways that are consistent with the University's mission, ideals, and traditions; and 4) providing a variety of learning experiences. She noted that the housing system currently consists of 17 residence halls, 5 apartment complexes, 12 dining halls, and 5 retail operations, with a total of almost 4.7 million square feet and \$89 million in revenue. These facilities were built between 1915 and 1972 and are in need of renewal.

Ms. Henry reported that there is a certain baseline experience that the University would like to provide for its students, and current facilities do not meet contemporary standards related to technology, study space, privacy, and dining. Security, safety, and accessibility also need

updating. She noted that the undergraduate population has increased by over 7.5% over the past 30 years but capacity has remained the same, at about 9,600. Because the University has historically guaranteed housing for all first-year students, the size of the freshman class has an enormous impact on facility configuration and program offerings. When the last residence hall was completed in the late 1960s, the first year class averaged 4,500 students, as compared to 5,100 students during the 1990s and almost 5,500 from 1999-2003.

Ms. Henry described the planning process that had been used to develop the Residential Life Initiatives, noting that a broad range of input had been gathered. Key findings are that there is a demand for more housing, especially among undergraduate and single graduate students. The type of housing desired is suite and apartment-style units, along with conveniently located dining facilities that have a wide variety of quality food, combined with a convenience store or snack bar to supplement the dining hall offerings. She pointed out that small dining facilities are inefficient and more costly to operate than larger halls, and that of the existing dining halls, the two largest have the highest satisfaction rates among students.

Ms. Henry reported that the RLI analysis had yielded several planning guidelines. These are that the University needs to reinvest in its current facilities to preserve them for future generations; that selected residence halls should be renovated in priority order, although life safety upgrades will be made in all halls; construction of at least one residence hall will be necessary to meet demand; and the renovation of existing housing will result in units that meet contemporary standards, including suites or apartments, as well as life safety, electrical, mechanical, and technology standards.

In renovation and new construction, the planning guidelines state that undergraduate students are the first priority; student experiences will be personalized and will be in small,

welcoming communities with clusters of 20-25 students. Connections will be enhanced between experiences within and outside the classroom.

Preliminary recommendations in the ten-year plan for student housing, which will cost between \$250 million to \$280 million, include construction of one or more new residence halls on a site that will complement campus planning efforts. Two architecturally distinctive buildings, Mosher-Jordan and Stockwell will be in the first priority for renovation. Next in priority will be Barbour and Newberry Halls, and West Quad. Ongoing capital projects and improvements in the remaining facilities will continue at an annual rate of \$7 million to \$10 million. Life safety improvements, including fire alarm upgrades and installation of fire suppression systems, upgraded wiring and IT system improvements, are also planned.

The RLI also includes major, comprehensive improvements in residential dining facilities involving a substantial reconfiguration of dining operations to incorporate contemporary lifestyle and menu preferences of the student population. These will include “marketplace”-style facilities that are envisioned for new dining centers in the “Hill” and central campus neighborhoods. In some residential neighborhoods there will be supplemental retail operations, such as snack bars or convenience stores. There will also be “emporiums”, which are a blend of a restaurant and convenience store.

Ms. Henry displayed the preliminary planning calendar for programming, design, and construction of the Residential Life Initiatives. They include completion of programming and design of one of the Hill dorms, a new dining center/emporium, a new residence hall, and fire alarm and suppression projects, along with installation of fire alarm and fire suppression systems at certain halls by the end of the Fall Term, 2004. The preliminary calendar delineates other projected programming, design, and construction projects through 2008. She noted that the

projected opening date for the first renovated residence hall, new residence hall, and new dining center is Fall, 2008 and said that the design of the new and renovated space will remain flexible to ensure their utility well into the future.

Regent Newman commented that throughout her ten years as a member of the Board, she had been advocating for new housing on campus, and asked when the new hall is expected to be completed. Ms. Henry responded that the schedule calls for the new hall to open in fall 2008, along with a new dining hall and a completely renovated existing hall, either Mosher-Jordan or Stockwell. Regent Newman said that the Regents have been urging the president to move forward with this project because the need for new housing is long-standing.

Regent Deitch expressed agreement with Regent Newman's comments, noting that most board members share her feelings about the urgency of the need for new housing on campus. Regent Maynard observed that the board would like to see specific recommendations as soon as the next meeting.

Regent McGowan asked for assurance that the new facilities would be flexible enough to be able to adopt to the needs of students decades from today. Ms. Henry responded that all of the facilities would be designed with flexibility and multi-purpose use in mind, and said that this is one reason that new structures would not include communal bathrooms. And she pointed out that all halls are constantly being renovated and updated as part of the general maintenance process.

Regent Newman commented that consideration must also be given to ongoing maintenance costs for these projects, and questioned whether maintenance costs were higher for apartment-style bathroom arrangements than for large communal bathrooms. Ms. Henry responded that maintenance costs are often more favorable for smaller bathrooms because

students take ownership of them, and that maintenance costs are included in the overall project evaluation. President Coleman agreed that this is a critical question, and that financial operations staff continually take maintenance and operational costs into account in planning new projects. Executive Vice President Slottow added that the design teams for all new buildings include building services staff who will be responsible for maintaining the buildings once they are built.

Regent Brandon expressed concern about the logistics of accomplishing major renovations in existing residence halls. Ms. Henry responded that during the renovations of both Mosher-Jordan and Stockwell Halls, the halls (one at a time) would be closed for a full year. The 450 beds lost would be made up, and capacity maintained, by using some apartments in Northwood. Work such as roof replacements can, with careful planning, be accomplished with minimal disruption to academic life. She said that the manner in which capacity is used in such locations as Northwood can be reallocated and reconfigured to suit undergraduate students.

It was noted that it is not anticipated that there would be a first-year class as large as the current one, so the Northwood space currently being used to house all students who wished to live on campus this year would be available to serve as surge space in the future. Executive Vice President Slottow pointed out that previously it was thought that new construction and renovations of existing buildings could not be done simultaneously. But the creative use of existing space described by Ms. Henry has led to the realization that this is not the case.

Committee Reports

Finance, Audit, and Investment Committee. Regent Brandon reported that the committee had met that morning, and that both Regent White and Regent Taylor had been present. The committee reviewed audit results for FY04 with representatives of the external

auditor, PricewaterhouseCoopers. He noted that it was an unqualified report, and that details of the audit would be discussed at the October meeting. The committee members also met privately with the external auditors and were assured that there had been a good level of cooperation, communication, and information exchange with internal staff.

Regent Brandon reported that the committee had also reviewed a draft of a revised committee charter that will eventually be brought to the full Board for consideration.

Compensation and Personnel Committee. Regent Maynard reported that the committee, consisting of her, Regent Deitch, and Regent Richner had met that morning. They first planned the committee's work calendar for 2004-05, and then reviewed searches currently underway for four new deans and the process to be used for future dean searches, in consultation with the president and provost.

The Regents then turned to the regular agenda.

Consent Agenda

Minutes. Vice President Tedesco submitted for approval the minutes of the regular meeting on July 15, 2004, and the special meeting on September 9, 2004.

Reports. Executive Vice President Slottow submitted the Plant Extension Report and the Human Resources and Affirmative Action Report.

Litigation Report. Vice President Krislov submitted the Litigation Report.

Research Report. Vice President Ulaby submitted the report of projects established, July 1-August 31, 2004.

University of Michigan Health System. No additional report was submitted.

Division of Student Affairs. No additional report was submitted.

University of Michigan-Dearborn. No additional report was submitted.

University of Michigan-Flint. No additional report was submitted.

Michigan Student Assembly Report. MSA President Jason Mironov introduced Mik Zolokoff, president of Rackham Student Government (RSG). Mr. Zolokoff commented that RSG's goal this year would be to work on improving communication among RSG, MSA, and the administration. Mr. Mironov also called on Pete Woiwode, chair of "Voice Your Vote." Mr. Woiwode commented that a total of more than 5,000 new voters had been registered on the University of Michigan campus, including many obtained from a door-to-door campaign in the residence halls. Ms. Jeny Nathan, vice president of MSA, announced that MSA is sponsoring a visit by the documentary filmmaker Michael Moore, and that it was attempting to bring talk-show host Sean Hannity to campus. Ms. Nathan reported on activities sponsored by MSA during the past month.

Voluntary Support. Vice President May reported that giving to the University was very strong during fiscal year 2003-04, with receipts up by about 15%. Campaign giving has also been very strong for the first two months of the current fiscal year.

Personnel Actions/Personnel Reports. Provost Courant submitted a number of personnel actions and personnel reports. He highlighted the appointment of David W. Cohen as the Lemuel A. Johnson Collegiate Professor of African History and Anthropology.

Retirement Memoirs. Vice President Tedesco submitted 17 faculty retirement memoirs. She called attention to the retirement of Professor Saul Hymans, director of the University's renowned Economic Outlet Conference. Provost Courant also commented on Professor Hyman's contributions, particularly with respect to the Research Center on Quantitative Economics.

Memorials. No deaths of active faculty members were reported this month. However, Executive Vice President Slottow recognized the death in July 2004 of Richard J. Williams, a 22-year University of Michigan employee in the Building Services Department. Executive Vice President Slottow enumerated the unusual ties that Mr. Williams and his family had to the University, noting that he was a role model and leader who had a huge, positive influence on people's lives. Mr. Slottow said that Mr. Williams' father started working at the University in the 1950s and since then, more than 15 family members have served the University in a number of capacities. He thanked Richard Williams and the Williams family for their dedicated, loyal, extended service over many years, and asked family members who were present at the meeting to stand. The family members received a round of applause. Mr. Eric Williams thanked the meeting participants for the recognition on behalf of the family. It was noted that the Williams family represents the embodiment of "The Michigan Difference."

Degrees. There were no actions with respect to degrees.

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

2004-2005 All Campus Budget Book

Executive Vice President Slottow pointed out that the 2004-2005 All Campus Budget Book had been distributed as an enclosure with the agenda. He noted that the General Fund budget is based on recommended state appropriations contained in the governor's proposed budget, which has not yet been signed. If the enacted appropriations differ from the amounts in the budget book, revised General Fund budgets will be submitted for approval.

Alternative Asset Commitment (*Yorktown Energy Partners VI, L.P.*)

Executive Vice President Slottow informed the Regents about a recent follow-on energy commitment of \$20 million to Yorktown Energy Partners VI, L.P.

Alternative Asset Commitment (*Brookdale Investors Five, L.P. And Patron Capital, L.P. II*)

Executive Vice President Slottow informed the Regents about recent follow-on real estate commitments of \$65 million to Brookdale Investors Five, L.P. and €30 to Patron Capital, L.P. II.

The University of Michigan Financial Statements for the Year Ended June 30, 2004

Executive Vice President Slottow reported that the University's comprehensive financial statements for fiscal year 2004 would be sent under separate cover and would be submitted for approval at the October meeting, following discussion with PricewaterhouseCoopers LLP, the University's independent auditors.

Monthly Investment Report

Executive Vice President Slottow noted that investment results for June 2004 would be included in the Annual Report of Investments which will be distributed for discussion at the October 2004 meeting.

Alternative Asset Commitments

On a motion by Regent Brandon, seconded by Regent White, the Regents approved the following alternative asset commitments from the Long Term Portfolio, all of which are venture capital funds:

- Commitment of up to \$10 million to ATA Ventures, L.P.
- Commitment of up to \$10 million to MedVenture Associates V, L.P.
- Commitment of up to \$10 million to Updata Partners III L.P.

- Commitment of \$10 million to Hampshire Partners Fund VI

State Building Authority Financing of University of Michigan Projects

On a motion by Regent McGowan, seconded by Regent Maynard, the Regents unanimously approved resolutions requesting and accepting conveyance of the following projects, previously financed by the State Building Authority (SBA): University of Michigan-Ann Arbor Adult General Hospital Building; University of Michigan-Ann Arbor Engineering Center Building (Robert H. Lurie Engineering Center); University of Michigan-Ann Arbor James B. Angell Hall; University of Michigan-Dearborn Campus Renovations (Phase II); and University of Michigan-Flint water Street Parking Condominium Facility. They also authorized the appropriate officers to execute quitclaim deeds for the conveyance of the properties back to the University; release of any easement and utility agreements; and any other documentation required for the conveyance of the projects back to the University.

A RESOLUTION OF THE REGENTS OF THE UNIVERSITY OF MICHIGAN REQUESTING CONVEYANCE OF PROPERTY AND RELEASE OF EASEMENT AND UTILITY AGREEMENT FOR THE ADULT GENERAL HOSPITAL BUILDING, ACCEPTANCE OF SAME AND ACCEPTING OBLIGATIONS FOR THE FACILITIES

A RESOLUTION of the Regents of the University of Michigan (the “Educational Institution”) requesting and approving the conveyance of property, and release of easement and utility agreement and to provide matters relating thereto.

WHEREAS, the State Building Authority (the “Authority”), a statutory body corporate created under provisions of 1964 PA 183, as amended, is authorized to acquire, construct, furnish, equip, own, improve, enlarge, operate, mortgage and maintain buildings, necessary parking structures or lots and facilities and sites therefore for use by the State or any of its agencies including institutions of higher education created pursuant to Sections 5, 6 and 7 of Article VIII of the Michigan Constitution of 1963; and

WHEREAS, the Educational Institution has been created and is maintained pursuant to Sections 4 and 5 of Article VIII of the Michigan Constitution of 1963; and

WHEREAS, the Authority has previously acquired the Adult General Hospital Building and the site upon which it was constructed (the Adult General Hospital Building and the site together are the “Facilities”) and the Authority leased the Facilities to the Educational Institution and the State of Michigan (the “State”) pursuant to a lease dated as of December 1, 1982 (the “Lease”); and

WHEREAS, the Authority and the Educational Institution entered into an Easement and Utility Agreement dated December 1, 1982; and

WHEREAS, under the terms of the Lease, the Authority agreed to convey title to the Facilities to the Educational Institution upon request by the Educational Institution after the Bonds which financed the Facilities (the "Bonds" as defined in the Lease) and any additional bonds or other obligations as provided in the Lease are paid in full or provision for the payment thereof is made as provided in the Lease for consideration of one (\$1.00) Dollar and the assumption by the Educational Institution of all monetary obligations and legal responsibilities for the operation and maintenance of the Facilities; and

WHEREAS, the Bonds have been paid in full and all conditions established by the Lease as conditions precedent to conveyance of title to the Facilities by the Authority to the Educational Institution have occurred; and

WHEREAS, the purposes of the Easement and Utility Agreement have been accomplished;

NOW, THEREFORE, BE IT RESOLVED BY THE EDUCATIONAL INSTITUTION THAT:

1. The Educational Institution hereby requests that the Authority convey title to the Facilities to the Educational Institution and release the Easement and Utility Agreement.
2. The consideration for the conveyance of the Facilities shall be one (\$1.00) Dollar and the assumption by the Educational Institution of all monetary obligations and legal responsibilities for the operation and maintenance of the Facilities.
3. The conveyance by Quitclaim Deed of the Facilities and the Release of Easement and Utility Agreement pursuant to the terms and conditions set forth above is approved and each of the President and Executive Vice President and Chief Financial Officer of the Educational Institution is authorized and directed to execute any documents to accomplish the conveyance of the Facilities and the release of the Easement and Utility Agreement in such form as may be requested by the Authority and approved by counsel for the Educational Institution.
4. All ordinances, resolutions and orders or parts thereof in conflict with this resolution are, to the extent of such conflict, repealed.
5. This resolution shall be effective immediately upon its adoption.

**A RESOLUTION OF THE REGENTS OF THE UNIVERSITY OF MICHIGAN
REQUESTING CONVEYANCE OF PROPERTY FOR THE
ENGINEERING CENTER BUILDING, ACCEPTANCE OF SAME AND ACCEPTING
OBLIGATIONS OF THE FACILITIES**

A RESOLUTION of the Regents of the University of Michigan (the "Educational Institution") requesting and approving the conveyance of property and to provide matters relating thereto.

WHEREAS, the State Building Authority (the "Authority"), a statutory body corporate created under provisions of 1964 PA 183, as amended, is authorized to acquire, construct, furnish, equip, own, improve, enlarge, operate, mortgage and maintain buildings, necessary parking structures or lots and facilities and sites therefore for use by the State or any of its agencies including institutions of higher education created pursuant to Sections 5, 6 and 7 of Article VIII of the Michigan Constitution of 1963; and

WHEREAS, the Educational Institution has been created and is maintained pursuant to Sections 4 and 5 of Article VIII of the Michigan Constitution of 1963; and

WHEREAS, the Authority has previously acquired the Engineering Center Building and the site upon which it was constructed (the Engineering Center Building and the site together are

the “Facilities”) and the Authority leased the Facilities to the Educational Institution and the State of Michigan (the “State”) pursuant to a lease dated as of March 1, 1996 (the “Lease”); and

WHEREAS, under the terms of the Lease, the Authority agreed to convey title to the Facilities to the Educational Institution upon request by the Educational Institution after the Bonds which financed the Facilities (the “Bonds” as defined in the Lease) and any additional bonds or other obligations as provided in the Lease are paid in full or provision for the payment thereof is made as provided in the Lease for consideration of one (\$1.00) Dollar and the assumption by the Educational Institution of all monetary obligations and legal responsibilities for the operation and maintenance of the Facilities; and

WHEREAS, the Bonds have been paid in full and all conditions established by the Lease as conditions precedent to conveyance of title to the Facilities by the Authority to the Educational Institution have occurred; and

NOW, THEREFORE, BE IT RESOLVED BY THE EDUCATIONAL INSTITUTION THAT:

1. The Educational Institution hereby requests that the Authority convey title to the Facilities to the Educational Institution.

2. The consideration for the conveyance of the Facilities shall be one (\$1.00) Dollar and the assumption by the Educational Institution of all monetary obligations and legal responsibilities for the operation and maintenance of the Facilities.

3. The conveyance by Quitclaim Deed of the Facilities pursuant to the terms and conditions set forth above is approved and each of the President and Executive Vice President and Chief Financial Officer of the Educational Institution is authorized and directed to execute any documents to accomplish the conveyance of the Facilities in such form as may be requested by the Authority and approved by counsel for the Educational Institution.

4. All ordinances, resolutions and orders or parts thereof in conflict with this resolution are, to the extent of such conflict, repealed.

5. This resolution shall be effective immediately upon its adoption.

**A RESOLUTION OF THE REGENTS OF THE UNIVERSITY OF MICHIGAN
REQUESTING CONVEYANCE OF PROPERTY FOR THE
UNIVERSITY OF MICHIGAN-FLINT WATER STREET PARKING CONDOMINIUM
FACILITY, ACCEPTANCE OF SAME AND ACCEPTING OBLIGATIONS OF THE
FACILITIES**

A RESOLUTION of the Regents of the University of Michigan (the “Educational Institution”) requesting and approving the conveyance of property and to provide matters relating thereto.

WHEREAS, the State Building Authority (the “Authority”), a statutory body corporate created under provisions of 1964 PA 183, as amended, is authorized to acquire, construct, furnish, equip, own, improve, enlarge, operate, mortgage and maintain buildings, necessary parking structures or lots and facilities and sites therefore for use by the State or any of its agencies including institutions of higher education created pursuant to Sections 5, 6 and 7 of Article VIII of the Michigan Constitution of 1963; and

WHEREAS, the Educational Institution has been created and is maintained pursuant to Sections 4 and 5 of Article VIII of the Michigan Constitution of 1963; and

WHEREAS, the Authority has previously acquired the University of Michigan-Flint Water Street Parking Condominium Facility and the site upon which it was constructed (the University of Michigan-Flint Water Street Parking Condominium Facility and the site together are

the “Facilities”) and the Authority leased the Facilities to the Educational Institution and the State of Michigan (the “State”) pursuant to a lease dated as of August 1, 1992 (the “Lease”); and

WHEREAS, under the terms of the Lease, the Authority agreed to convey title to the Facilities to the Educational Institution upon request by the Educational Institution after the Bonds which financed the Facilities (the “Bonds” as defined in the Lease) and any additional bonds or other obligations as provided in the Lease are paid in full or provision for the payment thereof is made as provided in the Lease for consideration of one (\$1.00) Dollar and the assumption by the Educational Institution of all monetary obligations and legal responsibilities for the operation and maintenance of the Facilities; and

WHEREAS, the Bonds have been paid in full and all conditions established by the Lease as conditions precedent to conveyance of title to the Facilities by the Authority to the Educational Institution have occurred; and

NOW, THEREFORE, BE IT RESOLVED BY THE EDUCATIONAL INSTITUTION THAT:

1. The Educational Institution hereby requests that the Authority convey title to the Facilities to the Educational Institution.

2. The consideration for the conveyance of the Facilities shall be one (\$1.00) Dollar and the assumption by the Educational Institution of all monetary obligations and legal responsibilities for the operation and maintenance of the Facilities.

3. The conveyance by Quitclaim Deed of the Facilities pursuant to the terms and conditions set forth above is approved and each of the President and Executive Vice President and Chief Financial Officer of the Educational Institution is authorized and directed to execute any documents to accomplish the conveyance of the Facilities in such form as may be requested by the Authority and approved by counsel for the Educational Institution.

4. All ordinances, resolutions and orders or parts thereof in conflict with this resolution are, to the extent of such conflict, repealed.

5. This resolution shall be effective immediately upon its adoption.

**A RESOLUTION OF THE REGENTS OF THE UNIVERSITY OF MICHIGAN
REQUESTING CONVEYANCE OF PROPERTY FOR THE
DEARBORN CAMPUS RENOVATIONS (PHASE II), ACCEPTANCE OF SAME AND
ACCEPTING OBLIGATIONS FOR THE FACILITIES**

A RESOLUTION of the Regents of the University of Michigan (the “Educational Institution”) requesting and approving the conveyance of property and to provide matters relating thereto.

WHEREAS, the State Building Authority (the “Authority”), a statutory body corporate created under provisions of 1964 PA 183, as amended, is authorized to acquire, construct, furnish, equip, own, improve, enlarge, operate, mortgage and maintain buildings, necessary parking structures or lots and facilities and sites therefore for use by the State or any of its agencies including institutions of higher education created pursuant to Sections 5, 6 and 7 of Article VIII of the Michigan Constitution of 1963; and

WHEREAS, the Educational Institution has been created and is maintained pursuant to Sections 4 and 5 of Article VIII of the Michigan Constitution of 1963; and

WHEREAS, the Authority has previously acquired the Dearborn Campus Renovations (Phase II) and the site upon which it was constructed (the Dearborn Campus Renovations and the site together are the “Facilities”) and the Authority leased the Facilities to the Educational Institution and the State of Michigan (the “State”) pursuant to a lease dated as of February 1, 1997 (the “Lease”); and

WHEREAS, under the terms of the Lease, the Authority agreed to convey title to the Facilities to the Educational Institution upon request by the Educational Institution after the Bonds which financed the Facilities (the “Bonds” as defined in the Lease) and any additional bonds or other obligations as provided in the Lease are paid in full or provision for the payment thereof is made as provided in the Lease for consideration of one (\$1.00) Dollar and the assumption by the Educational Institution of all monetary obligations and legal responsibilities for the operation and maintenance of the Facilities; and

WHEREAS, the Bonds have been paid in full and all conditions established by the Lease as conditions precedent to conveyance of title to the Facilities by the Authority to the Educational Institution have occurred; and

NOW, THEREFORE, BE IT RESOLVED BY THE EDUCATIONAL INSTITUTION THAT:

1. The Educational Institution hereby requests that the Authority convey title to the Facilities to the Educational Institution.

2. The consideration for the conveyance of the Facilities shall be one (\$1.00) Dollar and the assumption by the Educational Institution of all monetary obligations and legal responsibilities for the operation and maintenance of the Facilities.

3. The conveyance by Quitclaim Deed of the Facilities pursuant to the terms and conditions set forth above is approved and each of the President and Executive Vice President and Chief Financial Officer of the Educational Institution is authorized and directed to execute any documents to accomplish the conveyance of the Facilities in such form as may be requested by the Authority and approved by counsel for the Educational Institution.

4. All ordinances, resolutions and orders or parts thereof in conflict with this resolution are, to the extent of such conflict, repealed.

5. This resolution shall be effective immediately upon its adoption.

**A RESOLUTION OF THE REGENTS OF THE UNIVERSITY OF MICHIGAN
REQUESTING CONVEYANCE OF PROPERTY FOR THE JAMES B. ANGELL HALL,
ACCEPTANCE OF SAME AND ACCEPTING OBLIGATIONS OF THE FACILITIES**

A RESOLUTION of the Regents of the University of Michigan (the “Educational Institution”) requesting and approving the conveyance of property and to provide matters relating thereto.

WHEREAS, the State Building Authority (the “Authority”), a statutory body corporate created under provisions of 1964 PA 183, as amended, is authorized to acquire, construct, furnish, equip, own, improve, enlarge, operate, mortgage and maintain buildings, necessary parking structures or lots and facilities and sites therefore for use by the State or any of its agencies including institutions of higher education created pursuant to Sections 5, 6 and 7 of Article VIII of the Michigan Constitution of 1963; and

WHEREAS, the Educational Institution has been created and is maintained pursuant to Sections 4 and 5 of Article VIII of the Michigan Constitution of 1963; and

WHEREAS, the Authority has previously acquired the James B. Angell Hall and the site upon which it was constructed (the James B. Angell Hall and the site together are the “Facilities”) and the Authority leased the Facilities to the Educational Institution and the State of Michigan (the “State”) pursuant to a lease dated as of February 1, 1997 (the “Lease”); and

WHEREAS, under the terms of the Lease, the Authority agreed to convey title to the Facilities to the Educational Institution upon request by the Educational Institution after the Bonds which financed the Facilities (the “Bonds” as defined in the Lease) and any additional bonds or other obligations as provided in the Lease are paid in full or provision for the payment thereof is

made as provided in the Lease for consideration of one (\$1.00) Dollar and the assumption by the Educational Institution of all monetary obligations and legal responsibilities for the operation and maintenance of the Facilities; and

WHEREAS, the Bonds have been paid in full and all conditions established by the Lease as conditions precedent to conveyance of title to the Facilities by the Authority to the Educational Institution have occurred;

NOW, THEREFORE, BE IT RESOLVED BY THE EDUCATIONAL INSTITUTION THAT:

1. The Educational Institution hereby requests that the Authority convey title to the Facilities to the Educational Institution.

2. The consideration for the conveyance of the Facilities shall be one (\$1.00) Dollar and the assumption by the Educational Institution of all monetary obligations and legal responsibilities for the operation and maintenance of the Facilities.

3. The conveyance by Quitclaim Deed of the Facilities pursuant to the terms and conditions set forth above is approved and each of the President and Executive Vice President and Chief Financial Officer of the Educational Institution is authorized and directed to execute any documents to accomplish the conveyance of the Facilities in such form as may be requested by the Authority and approved by counsel for the Educational Institution.

4. All ordinances, resolutions and orders or parts thereof in conflict with this resolution are, to the extent of such conflict, repealed.

5. This resolution shall be effective immediately upon its adoption.

Ann Street Parking Structure

Executive Vice President Slottow introduced Todd Schlieman, principal from Polshek Partnership, to review the schematic design for the Ann Street Parking Structure. Mr. Schlieman displayed a map showing the location of the structure, which is on Ann Street across from the Biomedical Sciences Research Building (BSRB). He showed renderings of the exterior from different elevations and described the materials that are being used on the exterior. He noted that the structure will hold 530 cars and is expected to be completed and ready for use by Winter 2006.

On a motion by Regent McGowan, seconded by Regent White, the Regents unanimously approved the schematic design for the Ann Street Parking Structure project as presented.

Crisler Arena - Replace Underground Steam and Condensate Piping

On a motion by Regent Brandon, seconded by Regent Maynard, the Regents unanimously approved the Crisler Arena underground steam and condensate piping 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) Multiple Buildings Bulk Oxygen System

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved the University of Michigan Hospitals and Health Centers (UMHHC) Multiple Buildings Bulk Oxygen System 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) Chilled Water Loop Replacement Phase I

On a motion by Regent Brandon, seconded by Regent McGowan, the Regents unanimously approved the University of Michigan Hospitals and Health Centers (UMHHC) Chilled Water Loop Replacement Phase I 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) East Ann Arbor Ambulatory Surgery and Medical Procedure Center

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved issuing the University of Michigan Hospitals and Health Centers (UMHHC) East Ann Arbor Ambulatory Surgery and Medical Procedure Center project for bids and awarding construction contracts providing that bids are within the approved budget.

Athletic Department Events Center Building Naming

On a motion by Regent Richner, seconded by Regent Brandon, and in honor of a gift from John P. And Susan H. Junge, the Regents unanimously approved naming the multipurpose events center to be located between Michigan Stadium and Crisler Arena the Junge Family Champions Center.

Conflict of Interest Items

President Coleman announced that the agenda includes 7 conflict of interest items, each of which requires 6 votes for approval. On a motion by Regent McGowan, seconded by Regent Maynard, the Regents unanimously approved each of the following items:

Approval of Payment for Ann Arbor IT Zone

The Regents approved a payment by the Office of Technology Transfer for services provided by Ann Arbor IT Zone. Because Kenneth Nisbet, chair of the board of directors of Ann Arbor IT Zone, 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 Office of Technology Transfer and Ann Arbor IT Zone.
2. The service provided is placement of a student intern at a cost of \$8,000.
3. The pecuniary interest arises from the fact that Kenneth Nisbet, a University of Michigan employee, is the chair of the board of directors of Ann Arbor IT Zone.

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

The Regents approved an option agreement between the University of Michigan and Pipex, Inc. for UM File No. 2169, “Copper lowering treatment of inflammatory and fibrotic diseases.” Because Dr. George Brewer, equity holder in Pipex, Inc., 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 Pipex, Inc.
2. The technology will be used for the treatment of Wilson's Disease and inflammatory and fibrotic diseases in humans. Pipex will pay an option fee of \$7,500, and the grant will be exclusive for 12 months. Pipex will reimburse the University of Michigan's patent expenses incurred during the option period.

Prior to the University entering into license negotiations with Pipex, the company will need to demonstrate:

- ♦ an identified and committed, experienced and capable management team,
- ♦ an appropriate commercialization strategy, and
- ♦ a capitalization plan indicating sufficient access to capital to enable the commercialization plan to be executed.

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

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

3. The pecuniary interest arises from the fact that Dr. George Brewer, a University of Michigan employee, holds equity interest in Pipex, Inc. He has waived any personal participation in the sharing of revenue received the University from the company.

License Agreement between the University of Michigan and m-Dimensional Software Solutions, LLC

The Regents approved a license agreement between the University of Michigan and m-Dimensional Software Solutions, LLC., to practice and commercialize the software imaging program known as 4D-MSPECT (UM File No. 1133). Because Drs. James Corbett and Edward Ficaro, equity holders in m-Dimensional Software Solutions LLC, 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. The parties to this agreement are the Regents of the University of Michigan and its Medical School and m-Dimensional Software Solutions, LLC.

2. The grant is exclusive and worldwide in all fields. The University of Michigan will receive an equity portion in the company, and the company will pay the University a royalty as a percentage of company sales. 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 term of the agreement is for a minimum of ten years.

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

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

3. The pecuniary interest arises from the fact that Drs. Corbett and Ficaro, University of Michigan employees, hold equity interest in m-Dimensional Software Solutions, LLC. 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 Michigan Critical Care Consultants, Inc.

The Regents approved a subcontract agreement with Michigan Critical Care Consultants, Inc., for funding of a project in the Department of Chemistry. Because Dr. Robert Bartlett, part owner of Michigan Critical Care Consultants, Inc., 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 this agreement are the Regents of the University of Michigan and Michigan Critical Care Consultants, Inc.
2. The total subcontract to the University will be \$190,242 for the period of May 1, 2004 through April 30, 2006. Since research agreements are often amended, the Agreement includes provisions for changes in time, amount, and scope. University procedures for 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 Dr. Robert Bartlett, a University of Michigan employee, is part owner of Michigan Critical Care Consultants, Inc.

Three Subcontract Agreements between the University of Michigan and Flexsys, Inc.

The Regents approved three subcontract agreements with Flexsys, Inc., funding of projects in the College of Engineering. Because Dr. Sridhar Kota; co-founder, co-owner, and president of Flexsys, Inc.; 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 these agreements are the Regents of the University of Michigan and Flexsys, Inc.
2. The terms of the Agreements conform to University policy. The periods of performance and funding authorizations for the testing activities in support of these three projects are: 39 months at a cost of \$150,000, 21 months at a cost of \$22,650, and 21 months at a cost of \$65,539. The Agreements include provisions for extensions of the time period and scope of work.
3. The pecuniary interest arises from the fact that Dr. Sridhar Kota, a University of Michigan employee, is co-founder, co-owner, and president of Flexsys, Inc.

Purchase Order Agreement between the University of Michigan and Michigan Aerospace Corporation

The Regents approved a purchase order from the Michigan Aerospace Corporation to generate a conceptual design for a stern-ramp mount for unmanned marine vehicles. Because Dr. Lennard Fisk, stockholder in Michigan Aerospace Corporation, 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 this agreement are the Regents of the University of Michigan and Michigan Aerospace Corporation.
2. The terms of the Agreement conform to University policy. The period of performance is expected to be six months, and the amount payable to the University is expected to be \$10,000. Standard purchase order terms and conditions will apply. Since research agreements are often amended, the purchase order may include provisions for changes in time, amount, and scope. 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 Dr. Lennard Fisk, a University of Michigan employee, is a stockholder in the Michigan Aerospace Corporation.

Approval to Enter an Agreement to Host the Core Technology Alliance

The Regents approved an agreement with the Core Technology Alliance to permit the company to use University of Michigan facilities and administrative and financial systems as

necessary to perform its activities. Because Fawwaz T. Ulaby, an officer of the corporation and a member of the board of directors of the Core Technology Alliance, 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 agreement are the Regents of the University of Michigan and the Core Technology Alliance.
2. The duration of the agreement is from July 1, 2004 through June 30, 2009. Fawwaz T. Ulaby will serve as a director and vice president of the corporation on a part-time, uncompensated basis. Roberta J. Proft, a full-time University of Michigan employee, will serve as the business manager for the corporation. The University may elect to purchase services from CTA and pay member fees in its role as a university member of the CTA. The University will assign employees and provide facilities and administrative support necessary for the CTA to perform its activities, including office, storage, and other space; equipment; finance and accounting; research and human resources administration; and purchasing. In exchange, CTA will reimburse expenses and facilitate the purchase of services provided by the University. CTA will provide funding for the salary of Ms. Proft and her secretary as well as the operating expenses of the corporation. CTA will pay the University rent of \$20 per square foot per year plus \$6.18 per square foot per year for utilities for the period of July 1, 2004 to June 30, 2005. Costs will increase by the greater of 2.5% or the Consumer Price Index (CPI) annually on July 1, 2005; July 1, 2006; July 1, 2007; and July 1, 2008.
3. There is no pecuniary interest as Fawwaz T. Ulaby, a University of Michigan employee, will receive no compensation for his service as a director and officer of the corporation.

Joan and Sanford Weill Hall Project

President Coleman noted that in June 2004 the Joan and Sanford Weill Hall Project in the Gerald R. Ford School of Public Policy had been approved for bids and awarding of construction contracts providing that bids were within the approved budget. She reported that the University had received two pre-bid cost estimates that were very similar. However, all of the six bids received from construction companies for the project came in higher than anticipated; the low bid was provided by Clark Construction Company.

To complete the project as originally presented, therefore, a request is being made for approval of revising the project budget from \$32 million to \$35 million. Regent McGowan

moved approval of the revised budget for the Joan and Sanford Weill Hall Project, and Regent Deitch seconded the motion.

Regent Brandon commented that from his perspective as chair of the Finance, Audit and Investment (FAI) Committee, it is not a good precedent for the board to approve a project of this scope and scale and find out later that cost estimates were incorrect. He said that due to the critical nature of this project and to a number of factors involved, he would make an exception and vote in favor of the revised budget. However, he suggested that the board and FAI Committee will need to examine carefully the process being used to arrive at budgets for major projects in an effort to prevent this situation from reoccurring.

Regent Richner stated that due to the importance of this project, he would support the revised budget. However, he expressed his hope that the University would continue to look for ways to cut costs and make due with the original budget.

Regent Maynard agreed, noting that she will support the motion but hopes that the University can learn from this experience how a project could cost more than originally estimated.

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

Michigan Memorial Phoenix Project

Vice President Ulaby noted that the Michigan Memorial Phoenix Project was originally established as a memorial to people who died during World War II, for the purpose of examining peaceful uses of atomic energy. Since then, interest in nuclear energy has changed, and the Ford Nuclear Reactor that was part of the project was deactivated in July 2003. The current proposal is to expand the scope of the project to include research on the development of all forms of energy.

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved the expanded scope of the Michigan Memorial Phoenix Project, as described in the Regents Communication.

Correction to Degree Program Name

Chancellor Little commented that the name of the new degree program, “Master of Arts in Public Policy,” approved by the Board in July 2004, was erroneous. The correct name of the degree program is “Master of Public Policy.”

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved correcting the name of the University of Michigan-Dearborn degree program, “Master of Arts in Public Policy,” to “Master of Public Policy.”

Public Comments

The Regents heard comments from the following individuals, on the topics indicated: Jim Mogensen, citizen, on the town-gown relationship; Amy Keller, student and president of the Residence Hall Association, on the Residential Life Initiative; and David Boyle, alumnus, on not business as usual.

There being no further business, the meeting was adjourned at 4:15 p.m. The next meeting is scheduled for October 21, 2004.