

APRIL MEETING, 2007

*The University of Michigan
Ann Arbor
April 19, 2007*

The Regents convened at 3:10 p.m. in the Regents Room. Present were President Coleman and Regents Darlow, Deitch, Maynard, McGowan, Newman, Richner, and White. Also present were Vice President and Secretary Churchill, Vice President Forrest, Vice President Harper, Acting Chancellor Kay, Executive Vice President Kelch, Vice President Krislov, Chancellor Little, Vice President May, Interim Vice President Peterson, Executive Vice President Slottow, Provost Sullivan, and Vice President Wilbanks. Regent Taylor was absent.

Call to Order

President Coleman called the meeting to order. She commented that the University shares the sorrow and disbelief of colleagues and students at Virginia Tech University in the wake of the horrific tragedy that had occurred earlier in the week on that campus. She noted that the University takes many steps as an institution to discourage and prevent violence and dangerous behavior and works continually to identify the best practices for preventing and responding to any public health or safety crisis. There are also many campus resources available to students, faculty, and staff. She asked the assembly to pause for a moment of silence in memory of the victims.

President Coleman highlighted the first ever student housing facility on the Flint campus and the 2007-2008 residence hall rates that are to be considered at this meeting. She also noted that as part of the on-going Residential Life Initiative, Stockwell Hall is to be closed beginning in the summer of 2008 for a deep renovation.

Presentation: Horace H. Rackham School of Graduate Studies

President Coleman introduced Janet Weiss, dean of the Horace H. Rackham School of Graduate Studies. Dean Weiss gave a presentation describing the graduate school and its role in supporting the University's graduate education program. She noted that of the approximately 14,000 graduate and professional students at the University, about half are in Rackham programs. She explained that the graduate school serves as an umbrella organization that works collaboratively with the various faculties to ensure that students have a first rate experience at Michigan. It provides a policy framework that insures consistency across programs in different disciplines, provides basic administrative support for graduate programs, and provides support for students.

Dean Weiss described the important contributions made by graduate students in the areas of research, teaching, and faculty recruitment and retention. She pointed out that the University invests many resources in preparing graduate student instructors (GSIs) for their roles as faculty members, and that as a result, these GSIs offer some of the most innovative and exciting instruction on the campus. Dean Weiss reported that Rackham has an excellent record of placement for the graduates of its programs. The main focus of the school's fundraising efforts is to provide financial support for graduate students.

Among the school's challenges are the change in the mix of international applications since 9/11, the intense competition for the best students both in the U.S. and abroad, and the need to alter selection criteria for certain scholarships in the wake of the passage of Proposal 2. She explained that the school is taking active steps to develop the pipeline for potential students in the U.S. and abroad.

Benefits Update

President Coleman called on Associate Vice President Laurita Thomas to present the annual update on the University's benefits programs. Ms. Thomas described the benefit strategies and principles involved in choosing which programs to offer and reviewed policy changes and results of strategies implemented in 2005 and 2006. She noted that the Michigan Healthy Community Initiatives, launched in 2006, are aimed at creating a culture of health within the University. She noted that the shift to generic drugs has resulted in a savings of millions of dollars. Vice President Thomas reported that the University is committed to solving the challenge of finding a legal way to provide same sex domestic partner benefits for its employees.

Ms. Thomas said that the University has stayed below national trends in health insurance rate increases for the last several years, but the rates are now beginning to climb, which is a major concern. Over the next several years, the focus will be on exploring multiple strategies to manage future benefit cost increases, and decisions in this area will be driven by the commitment to a culture of health, as developed by the Michigan Healthy Community initiative.

It was noted that the savings derived from generic drug incentives are likely to improve as generic versions of popular prescription medications become available.

Environmental and Energy Initiative

Associate Vice President Hank Baier reported that while the University has done a lot of work in recent years to improve efficiency and implement energy conservation measures, more needs to be done. To that end, he was announcing a six-point plan to improve environmental performance. This plan emerged from the President's Environmental Task Force, co-chaired by Deans Bierbaum and Kelbaugh, that was charged with planning for the University to develop a

more sustainable future. The six-point plan would engage the entire University community and would reduce our energy footprint.

Mr. Baier noted that the University had received a number of national awards and recognition for its environmental and energy conservation performance, and that a major incentive for conserving utilities is to reduce the costs of natural gas, electricity, and water and sewer. Every year, the University identifies energy conservation measures that would provide on-going savings in these areas, and recently the Institute for Social Research (ISR) conducted a pilot study on energy behavior of faculty, staff, and students in four buildings. This study concluded that through behavioral changes, there is a potential for significant energy savings.

Mr. Baier described a six-point plan for achieving energy savings, which includes the following commitments:

1. Preparation of an annual fiscal year environmental and energy report which will examine energy consumption trends, research activities and operations efforts;
2. Increased efforts to purchase electricity produced from renewable sources;
3. Maintenance and expansion of alternative transportation options;
4. Strengthening of procurement offerings to ensure that environmentally friendly products are prominently promoted;
5. Increased attention on construction and renovation projects to improve energy efficiency;
6. Creation of “Wolverine Teams,” consisting of operations and facilities management personnel who would engage building occupants in specific efforts to improve energy and environmental conservation. Teams would be activated in 30 buildings per year for each of the next 3 years.

Mr. Baier noted that every 1% in energy savings yields a cost saving of \$600,000 to the General Fund. He said that a project manager will be hired to coordinate the Wolverine Teams, and that a pilot project, which will include the Fleming Administration Building, will begin over the summer.

There was a discussion about various energy conservation issues in buildings around campus. It was noted that an awareness and a culture around these issues needs to be developed on campus, along with insight into how individual buildings are used by their occupants. Regent White commended Mr. Baier, Executive Vice President Slottow, and their associates, for their efforts in these areas.

Committee Reports

Personnel, Compensation and Governance Committee. In Regent Taylor's absence, Regent Darlow reported that the committee reviewed faculty recruitment and retention efforts, and while the committee appreciates the challenges in this area, they are pleased with the success of the **efforts**. The committee also considered a more regularized format for its meeting agendas.

Finance, Audit and Investment Committee. Regent McGowan, chair of the committee, reported that all committee members were present. The committee reviewed the Athletic Department 5-year strategic operating and capital plan with Athletic Director Bill Martin and Chief Financial Officer Jason Winters, and the department is doing very well. Next, the committee met with Associate Vice President Peggy Norgren and internal audits director Carol Senneff regarding implementation of the Compliance Hotline, which has been established as part of the Sarbanes-Oxley work plan. The meeting concluded with an update on the status of the FY 2008 General Fund budget. For the General Fund budget discussion, the committee was joined by the Personnel, Compensation and Governance Committee.

Public Comments

One speaker had requested to address the board on an agenda-related topic. Andrew Eastman, president of the Residence Halls Association, spoke on the topic of support for residence hall room and board rates and the Residential Life Initiative.

The Regents then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of March 15, 2007.

Reports. Executive Vice President Slottow submitted the Investment Report and the Plant Extension Report. He also submitted the Regents Report on non-competitive purchases over \$5,000 from single sources for the period December 16, 2006 through March 15, 2007, and the Human Resources and Affirmative Action Report.

Litigation Report. Vice President Krislov submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Projects Established, March 1 - March 31, 2007.

University of Michigan Health System. There was no report from the University of Michigan Health System.

Division of Student Affairs. Vice President Harper introduced Zach Yost, newly-elected president of the Michigan Student Assembly, and Mohammed Dar, vice president.

Vice President Harper also called attention to the request for approval of the residence hall and Northwood Community Apartment rates for 2007-2008. She noted that the rates for the former reflect general cost increases including inflation, an amount for annual capital improvements, and a percentage directed toward the Residential Life Initiative, and for the latter, will be

dedicated mostly toward facility enhancement. In recognition of the effect that cost increases have on students and families, the request has been set at the minimum amount needed to maintain the facilities and to continue ongoing programs.

University of Michigan-Dearborn. Chancellor Little commented on the effect that the Virginia Tech tragedy had on the Dearborn campus community. This included a review by campus leadership of emergency procedures in order to learn from the experience in Virginia.

University of Michigan-Flint. Acting Chancellor Kay reported on a memorial service that had been held on the Flint campus in honor of the tragedy at Virginia Tech. He also commented about the “Ethics in Public Life” lecture and discussion series that had recently concluded on the Flint campus.

Michigan Student Assembly Report. MSA President Zack Yost reported on a number of activities the assembly has planned for the coming year, including a leadership training program, working with the City of Ann Arbor about the leasing process for off campus student housing and campus safety, and addressing other campus issues as they arise. He commented on the assembly’s commitment to fiscal responsibility, and expressed support for the campus’s commitment to diversity. Finally, he noted that MSA had scheduled a vigil for the following night in remembrance of the Virginia Tech tragedy.

Voluntary Support. Vice President May submitted the Report of Voluntary Support for March 31, 2007.

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

Retirement Memoirs. Vice President Churchill submitted four faculty retirement memoirs.

Memorials. Vice President Churchill announced that Barbara Morris, whose retirement memoir appears in this month's agenda, had died earlier this month. A memorial statement will be included with next month's agenda. She submitted memorial statements for Saroja Adusumilli, clinical assistant professor of radiology, and Andrew Ladd, assistant professor of electrical engineering and computer science.

Regent McGowan noted that Frank Allen, dean emeritus of the Law School, had died 10 days ago, and commented on the extraordinary service he had provided to the University of Michigan as well as to other law schools and the legal profession.

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

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

The Regents then turned to consideration of the regular agenda.

Report of University Internal Audits, February 6, 2007-February 28, 2007

The Regents received the report of the Office of University Audits activities for the period February 6, 2007 through February 28, 2007.

Financial Statements and Reports Pursuant to Federal Office of Management and Budget (OMB) Circular A-133

Executive Vice President Slottow submitted the Reports on Federal Awards in accordance with OMB Circular A-133 for the year ended June 30, 2006.

Alternative Asset Commitments (*Patron Capital, L.P., III, and Avanti Strategic Land Investors V, L.L.L.P.*)

The Regents were informed of follow-on investments that had been made to the following previously approved real estate partnerships: a commitment of € 40 million to Patron

Capital, L.P., III, and commitment of \$18.0 million to Avanti Strategic Land Investors V, L.L.L.P.

Equities (*Barclays Global Investors' Currency Selection SPC Ltd.*)

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved commitment of \$25 million from the Long Term Portfolio to Barclays Global Investors' Currency Selection SPC Ltd. Regent Richner recused himself from voting due to a conflict of interest.

Alternative Asset Commitments (*Vitruvian Investment Partnership I, L.P. and Capital International Private Equity Fund V, L.P.*)

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved commitments from the Long Term Portfolio of up to €13 million to Vitruvian Investment Partnership I, L.P. and up to \$20 million to Capital International Private Equity Fund V,

New Construction and Renovation Project Approval and Reporting

Executive Vice President Slottow commented that the current threshold requirement for obtaining Regental approval for new construction and renovation projects (\$500,000) and the requirement for quarterly reporting of projects between \$400,000 and \$500,000, had been in place since 1997 and is due for an update. On a motion by Regent White, seconded by Regent Deitch, the Regents approved the following revised policy for construction and renovation project approval and reporting:

Construction and Renovation Project Approvals

It is the Board of Regents' policy that all new construction and renovation projects which exceed \$1,000,000 shall be submitted to the Board of Regents for approval prior to entering into the project except in emergency situations.

All such projects which fall between \$500,000 and \$1,000,000 shall be submitted in an Item for Information to the Board of Regents on a quarterly basis.

Medical Science Unit I Renovations for Radiology and Nuclear Medicine

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved the Medical Science Unit I Renovations for Radiology and Nuclear Medicine Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Extension of Steam, Condensate and Chilled Water to North Quad Site

On a motion by Regent Newman, seconded by Regent Richner, the Regents unanimously approved a project for extension of steam, condensate and chilled water to the North Quad site as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

North Campus Underground Chilled Water Lines Extension

On a motion by Regent Richner, seconded by Regent McGowan, the Regents unanimously approved the North Campus Underground Chilled Water Lines Extension Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Intercollegiate Athletics Soccer Fields

Executive Vice President Slottow explained that this project would relocate the NCAA regulation competition soccer field and two regulation practice fields to accommodate the indoor practice facility for intercollegiate football, as explained in the Regents Communication. On a motion by Regent Richner, seconded by Regent Newman, the Regents unanimously approved the Intercollegiate Athletics Soccer Fields Project as described and authorized commissioning JJR for its design.

Indoor Practice Facility for Intercollegiate Football

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved the New Indoor Practice Facility for Intercollegiate Football Project as described and authorized commissioning Jickling Lyman Powell Associates, Inc. for its design. Regent Newman pointed out that funding for the athletics projects is derived from Athletics Department resources and private funds, and does not involve any money from the General Fund or other academic sources. Regent White commented that the current indoor practice facility is unsafe for use as a football practice facility.

Towsley Center for Children

On a motion by Regent McGowan, seconded by Regent Maynard, the Regents unanimously approved the Towsley Center for Children Replacement Facility Project as described and authorized commissioning Integrated Design Solutions, LLC for its design.

University of Michigan-Flint Student Housing Facility

Acting Chancellor Jack Kay reported that faculty, staff, and community members have been working with the architect and University facilities staff to create a functional, attractive design that will create a pleasing green space on the site of what is now a parking lot. He said, "I am very sorry that Chancellor Juan Mestas could not be here, as it was his outstanding leadership and his total and absolute passion for the University of Michigan-Flint that has made this possible."

Executive Vice President Slottow introduced Gene Carroll, principal with Neumann/Smith & Associates, who presented the design. Mr. Carroll displayed diagrams of the site plan and of the footprint of the structure on the site. He noted that it will be a four-story building with

one primary entrance that will incorporate safety features for building access and monitoring. He reviewed the floor plans, noting that each 4-bed suite (either 4 bedrooms or 2 bedrooms) would include bathrooms, kitchen, and common area. The building will also include function areas, study areas, and multipurpose space. He displayed renderings of the exterior of the building as it will appear from the street.

A discussion followed about what “green” standards have been applied to this building. Mr. Carroll noted that as much as possible is being done in this area within the limitations of the modest budget. Executive Vice President Slottow commented that energy efficiency measures are built into the University’s standards for any new construction. Mr. Baier noted that a major factor in this project is cost, but that typical new construction at the University would achieve a LEED rating of “certified,” if it were to undergo the formal certification process.

Regent Maynard observed that the siting of this building will eliminate issues that had been raised previously about a greenhouse located near the new structure. Regent Deitch commented that it is a handsome building that will be a major addition to the campus and the community. He moved the item, “in honor of and reference to Juan Mestas. I wish he [could have been] with us today because this is his vision and his baby, and we would not be bringing this motion to approve this building today without his indomitable commitment and belief that this project will be a catalyst for the health of the campus and the health of the Flint community. So in honor of Juan, I move approval.” Regent Maynard said, “As someone who lives in the Flint community, I second the motion.” The vote was then taken, and the motion to approve the schematic design for the University of Michigan-Flint Student Housing Facility Project, as presented at the meeting, was approved unanimously.

University of Michigan Hospitals and Health Centers (UMHHC) Eye Center Expansion Project

On a motion by Regent McGowan, seconded by Regent Maynard, the Regents unanimously approved the revised project scope and budget for the University of Michigan Hospitals and Health Centers Eye Center Expansion Project as presented at the meeting.

Conflict of Interest Items

President Coleman announced that the agenda includes 16 conflict of interest items, each of which requires 6 votes for approval. These will be considered as a block, in one vote, except for the first, which will be considered separately from the others.

Sublease Agreement and Lease Agreement for property located at 2900 Huron Parkway

Regent McGowan recused herself from voting on this matter due to a conflict of interest. Vice President Forrest commented that the agreements for use of this property, known as “Traverwood,” constitute a collaboration between the University of Michigan and the private sector, establishing a foundation on which to build new biotechnology companies in Ann Arbor, Washtenaw County, and the region. Twelve thousand square feet of the property will be dedicated to startup companies under the management of SPARK, and 24,000 square feet will be used by the University of Michigan Medical School. On a motion by Regent White, seconded by Regent Maynard, the Regents approved the following agreements with respect to property located at 2900 Huron Parkway. They approved an eight-month sublease agreement with Park, Davis & Company for approximately 7,000 square feet of this property, to be used as office/wet lab space for the Department of Pathology. Upon expiration of the sublease agreement, the Regents approved a five-year lease agreement from Traverwood II LLC for approximately 34,400 square feet of this property, a portion of which will be utilized as office/wet lab space for

the Department of Pathology. Upon commencement of the five-year lease agreement, the Regents approved a sublease agreement for approximately 12,000 square feet of this property to sublease to SPARK.

Because William C. Martin, a University of Michigan employee, is also an owner of Traverwood II LLC, and Stephen Forest and Kenneth Nisbet, University of Michigan employees, are also members of SPARK's executive committee, these agreements fall under the State of Michigan Contracting with Governmental Employees Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the 2007 sublease agreement are the Regents of the University of Michigan and Parke, Davis & Company and Traverwood II LLC. The parties to the lease agreement are the Regents of the University of Michigan and Traverwood II LLC. The parties to the subsequent sublease agreement (2008-2013) are the Regents of the University of Michigan, SPARK, and Traverwood II LLC.
2. The service to be provided is the sublease from Parke, Davis & Company of approximately 7,000 square feet in a building at 2900 Huron Parkway for eight months, beginning May 1, 2007 through December 31, 2007, at a monthly rental rate of \$0 for the term. Subtenant (the University of Michigan) is responsible for gas and electric usage and all other operating expenses, estimated at \$11,667.00 per month.
3. Upon termination of the sublease agreement, the service to be provided is the lease from Traverwood II LLC of approximately 34,400 square feet in a building at 2900 Huron Parkway for five years, beginning January 1, 2008 through December 31, 2012, at a monthly rental rate of \$35,890.00 for the first year, \$35,190.00 for the second year, \$34,469 for the third year, and \$55,900.00 for the remaining two years. The University of Michigan will be responsible for gas and electric usage and all other operating expenses, estimated at \$37,333.00 per month.
4. Once the five-year lease agreement commences, the service to be provided is a sublease with SPARK of approximately 12,000 square feet in a building at 2900 Huron Parkway for five years, beginning January 1, 2008 through December 31, 2012. Under a separate early termination agreement, Parke, Davis & Company has paid Traverwood II LLC the base rental rate for the first three years on the SPARK space. SPARK will not be charged a base rental rate until January 1, 2011. For the remaining two years, the University of Michigan will charge SPARK a monthly rental rate of approximately \$19,500. SPARK will be responsible for their utility and operating expenses.
5. In addition, no leasehold improvements will be needed.
6. The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is the owner of Traverwood II LLC and Stephen Forrest and Kenneth Nisbet, University of Michigan employees, are on the executive committee of SPARK.

On a motion by Regent Maynard, seconded by Regent Deitch, the Regents approved the following agreements:

Services Agreement between the University of Michigan and NanoBio Corporation

The Regents approved a services agreement between the University of Michigan and NanoBio Corporation (“the Company”) that allows the Company and the University access to the University’s Human Applications Laboratory (“HAL”). Because Dr. James R. Baker, Jr., a University of Michigan employee, is also part owner, president, chief operating officer, chairman of the board of directors, and chief science officer of the Company, 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 NanoBio Corporation.
2. The terms of the proposed agreement conform to University policy. The services will be provided in the HAL under the direction of Dr. John Wiley, director of the General Clinical Research Center over an initial 12 month period at an estimated initial cost of \$19,500. Provisions in the services agreement are consistent with University policy regarding use of such facilities by external organizations. The agreement includes provisions that enable amendment of time, scope and funding limitations. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. Dr. Baker’s pecuniary interest arises from his status as part owner, president, chief operating officer, chairman of the board of directors, and chief science officer of NanoBio Corporation.

Research Agreement between the University of Michigan and BioDiscovery LLC

The Regents approved a research agreement between the University of Michigan and BioDiscovery LLC (“Company”) for funding of a project in the Department of Chemical Engineering. Because Dr. Erdogan Gulari and Dr. Jean Marie Rouillard are both employees of the University of Michigan and have relationships with the Company (Dr. Gulari as a partner and Dr. Rouillard as an officer), 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 BioDiscovery LLC.
2. The terms of the proposed agreement will conform to University policies including those related to intellectual property and publication. Dr. Ronald Larson, professor and chair of the Department of Chemical Engineering, will be the principal investigator for the project at the University to be conducted over a two-year period at an estimated total cost of \$412,205. Dr. Gulari will serve as PI for the entire project for the Company. The subcontract includes a provision for extensions of the time period and scope of work. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. Dr. Gulari's and Dr. Rouillard's pecuniary interest arise from their status as partner (Gulari) and employee and officer (Rouillard) of the Company.

Agreements between the University of Michigan and Innovative Biotherapies, Inc.

The Regents approved agreements between the University of Michigan and Innovative Biotherapies, Inc. ("Company") under which the University would participate as a subcontractor under two federal grants that the Company will receive. Because Dr. H. David Humes is both a University of Michigan employee and a founder, owner, director, and officer of the Company, 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 Innovative Biotherapies, Inc.
2. The terms of the proposed agreements conform to University policies, including those related to intellectual property, publication, and cost recovery. The first project is to be conducted over an initial twenty-four month period at an estimated total cost of \$110,007 including indirect cost at the University's negotiated federal indirect cost rate. The second project is to be conducted over an initial twelve-month period at an estimated total cost of \$206,828 including indirect cost at the University's negotiated federal indirect cost rate. Dr. Humes will serve as PI for both subcontracts. Since research agreements are often amended, the agreements include provisions for changes in time, amount, and scope. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. Dr. Humes' pecuniary interest arises from his status as founder, owner, director, and officer of the Company.

Research Agreement between the University of Michigan and Omni Sciences Inc.

The Regents approved a research agreement with Omni Sciences Inc. ("Company") to allow the University to participate as a subcontractor under a contract that the Company has received from the Department of Defense. Because Dr. Mohammed N. Islam is a University of

Michigan and also sole owner of the Company, 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 Omni Sciences Inc.
2. The proposed project will constitute a sub-project to the University to provide services under the Company's grant from DOD. The sub-project is to be conducted over an initial two-year period at an estimated total cost of \$247,210. The terms of the proposed agreement conform to University policies including those related to intellectual property, publication and cost recovery. Since research projects are often amended, the master agreement includes provisions for changes in time, amount, and scope of sub-projects. University procedures for approval of such extensions will be followed and additional conflict of interest review will be done as appropriate.
3. Dr. Islam's pecuniary interest arises from his status as sole owner of Omni Sciences Inc.

Grant Agreement from and Hosting Agreement with the Hope Foundation

The Regents approved agreements between the University of Michigan and the Hope Foundation, including a grant agreement for supporting a fellowship at the University of Michigan and a hosting agreement for the Medical School to provide administrative services for the foundation. Because Larry Baker and Anna Schork are both University of Michigan employees and, respectively, president and secretary of the Hope Foundation, 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 agreements are the University of Michigan and the Hope Foundation.
2. The terms of the proposed grant agreement are acceptable and conform to University policy. The amount of the grant to the University is \$50,000. The period of performance is twelve months.

The hosting agreement is for a period of three years in which the Medical School will provide the foundation with administrative services, such as maintenance of foundation accounts. The foundation will be charged the same rate as other Medical School users for these services.

Neither Dr. Baker nor Ms. Schork play a role with regard to the University's performance of these agreements and receive no remuneration from them.

3. Dr. Baker's and Ms. Schork's pecuniary interest arises from their positions as president and secretary, respectively, of the Hope Foundation.

Research Agreement between the University of Michigan and Ascenta Therapeutics, Inc.

The Regents approved a research agreement with Ascenta Therapeutics, Inc. (“Company”), to enable the Company to support a research contract for further development of the inventions made by Drs. Marc Lippman, Shaomeng Wang, and Dajun Yang. Drs. Lippman, Wang, and Yang are partial owners of the Company, Drs. Lippman and Wang are also directors and members of the Company’s scientific advisory board, and Dr. Yang is an employee and officer of the Company. In addition, Drs. Lippman, Wang, and Yang are also University of Michigan employees. 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 Ascenta Therapeutics, Inc.
2. The terms of the proposed agreement conform to University policy regarding publication and intellectual property. Dr. Rebecca Elstrom, Department of Internal Medicine, who has no conflict of interest in this matter, will direct the project. The contract includes a provision allowing extension and modification of the project upon mutual agreement of the parties (collectively “Agreements”). University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

This project involves the use of human subjects and IRB approval will be obtained prior to enrollment of any subjects.

3. The pecuniary interests of Drs. Lippman, Wang, and Yang arise from their status as directors and members of the Company’s scientific advisory board (Lippman and Wang) and employee and officer of the Company (Yang).

Subcontract Agreement between the University of Michigan and Southwest Research Institute

The Regents approved a subcontract agreement with Southwest Research Institute to allow Professor Jack H. Waite to continue work on the NASA-funded project, “X-Ray Generation on the Surface of Europa” at the Southwest Research Institute. Because Professor Waite is an employee of both the University of Michigan (currently on leave of absence) and the Southwest Research Institute, 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 Southwest Research Institute.
2. It is anticipated that the normal contract terms and conditions will be set forth in the award from NADA. The typical University subcontract terms and conditions will be applied to the subcontractor, Southwest Research Institute. Standard disclaimers of warranties apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. This project does not involve a pecuniary conflict of interest.

Amended and Restated License Agreement between the University of Michigan, Cincinnati Children’s Hospital Medical Center and OncoImmune Inc.

The Regents approved an amended and restated license agreement between the University of Michigan, Cincinnati Children’s Hospital Medical Center and OncoImmune, Inc., for licensing of the following technologies: UM File No. 3480, “Therapeutic Effect of Rampamycin in Obesity and Diabetic Nephropathy,” and UM File No. 3553, “Methods of Treating Epilepsy.” Because Kun-Liang Guan, Yang Liu, and Pan Zheng are University of Michigan employees and also partial owners of OncoImmune Inc. (“OncoImmune”) (Dr. Guan as a member of the Scientific Advisory Board, Dr. Liu as president, chief scientific officer, and chair of the board of directors, and Dr. Zheng as an officer for OncoImmune), 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, Cincinnati Children’s Hospital Medical Center and OncoImmune Inc.
2. Agreement terms include adding the new technologies to the existing exclusive license with the right to grant sublicenses and amending and restating other terms including revisiting certain diligence milestones. OncoImmune will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the agreement may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interests of Drs. Guan, Liu, and Zheng arise from their ownership interest in OncoImmune

Amendment to License Agreement between the University of Michigan and Compendia Bioscience, Inc.

The Regents approved an amendment to a license agreement with Compendia Bioscience, Inc. (“Compendia”). Because Arul Chinnaiyan is a University of Michigan employee and partial owner of Compendia, and Daniel Rhodes is a University of Michigan student and partial owner and chief scientific officer of Compendia, 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 Compendia Bioscience, Inc.
2. Agreement terms include assigning the trademark “OncoImmune” to Compendia in exchange for Compendia taking on delivery of their licensed technologies to nonprofit and education institutions (previously handled by the University). No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the agreement may be amended by consent of the parties.
3. The pecuniary interests of Dr. Chinnaiyan and Mr. Rhodes arise from their ownership interest in Compendia. They have waived any personal participation in the sharing of revenue received by the University.

Reassignment Agreement between the University of Michigan and Mohammed Islam

The Regents approved a reassignment agreement with Mohammed Islam for two of his inventions: UM File #2820, US Patent 6,043,925, “Optical logic gate based optical router” and UM File #2821, “High performance multicast/broadcast router using an optical switching core.” Because Mohammed Islam is a University of Michigan employee and is also the inventor of the property being reassigned, 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 Mohammed Islam.
2. The reassignment terms include giving Mohammed Islam the entire right, title, and interest to the inventions and patent rights. Dr. Islam will pay a percentage of royalties, equity, or other value received by him in consideration for the inventions and patent rights, and he will pay all patent prosecution and enforcement costs. The University will retain the right to use the inventions and patent rights internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the

agreement. Standard disclaimers of warranties apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

3. The pecuniary interests of Dr. Islam arise from the grant of the University's right, title, and interest in the inventions and patent rights to Dr. Islam upon execution of the agreement.

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

The Regents approved a subcontract agreement with Therapeutic Systems Research Laboratories, Inc. ("TSRL") for funding of a project in the School of Dentistry. Because Gordon Amidon is a University of Michigan employee and an owner of TSRL, 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 TSRL.
2. The terms of the agreement conform to University policy. The period of performance for the project is one year and the amount of funding support is \$51,943.
3. Gordon Amidon's pecuniary interest arises from his status as an owner of TSRL.

Option Agreement between the University of Michigan and PackMan

The Regents approved an option agreement between the University of Michigan and PackMan for commercialization of the following technologies from the University: UM File #3337, "Integrated Shock Protection Technologies and Shock Stops for Micro Device and MEMS"; UM File #3404, "Backside Resistive Localized Heating for Low Temperature Wafer Level Bonding and Packaging"; UM File #3413, "Silicon-on-Silicon (SOS) MEMS Process"; and OTT File #3620, "Generic Environment-Resistant Package for MEMS." Because Khalil Najafi, Jay Stewart Mitchell, and Sangwoo Lee are University of Michigan employees and also partial owners of PackMan, 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 PackMan.

2. Option terms include giving PackMan an option to obtain an exclusive license with the right to grant sublicenses. The University will retain ownership of the optioned technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. Khalil Najafi's, Steward Mitchell's, and Sangwoo Lee's pecuniary interests arise from their status as partial owners of PackMan.

Option Agreement between the University of Michigan and InmaTech

The Regents approved an agreement between the University of Michigan and InmaTech for commercialization of the following University of Michigan technologies: UM File No. 1746, "Transition Metal Carbide and Nitride Water Gas Shift Catalysts," UM File No. 2446 and 2542, "Carbide/Nitride Based Fuel Processing Catalysts," UM File No. 2866, "Reducibly Oxide Based Catalysts," UM File No. 2992, "Fully CMOS Compatible Micro-Fuel Cells for Portable Device Power," UM File No. 3291, "Thermal Integration Strategy for Hydrocarbon Fuel Processor," UM File No. 3628, "Catalysts for Ox Selective Catalytic Reduction with Reformat," and UM File No. 3682, "Catalysts for Hydrogenation of edible oils." Because Levi Thompson is both a University of Michigan employee and partial owner of InmaTech, 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 InmaTech.
2. Option terms include giving InmaTech an option to an exclusive license with the right to grant sublicenses. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interests of Dr. Thompson arise from his ownership interest in InmaTech.

Amendment to License Agreement between the University of Michigan and Cyclos Semiconductor, Inc.

The Regents approved an amendment to a license agreement with Cyclos Semiconductor, Inc. (“Cyclos”) for adding a new invention file (UM File No. 3531, “Clock Distribution Network Architecture for Resonant Clocked Systems”) into its existing license agreement. Because Marios Papaefthymiou is both a University of Michigan employee and a partial owner of Cyclos, 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 Cyclos.
2. Amendment terms include giving Cyclos an exclusive license with the right to grant sublicenses. Cyclos will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interests of Dr. Papaefthymiou arise from his ownership interest in Cyclos. He has waived any personal participation in the sharing of revenue received by the University.

License Agreement between the University of Michigan and CFI Group USA, LLC

The Regents approved a license agreement with CFI Group USA, LLC for licensing from the University of the property “UM File No. 2058--ACSI Trademark.” Because Claes Fornell is both a University of Michigan employee and a partial owner of CFI Group, 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 CFI Group USA, LLC.
2. License terms include giving CFI Group a non-exclusive license to use the ACSI trademark in conjunction with measuring customer satisfaction for its governmental agency customers only. CFI Group will pay an annual license fee. The University will retain ownership of the trademark and may continue to further develop it, use it, and/or further license it. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and

indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

3. The pecuniary interests of Dr. Fornell arise from his ownership interest in CFI Group. He has waived any personal participation in the sharing of revenue received by the University.

Approval of the 2007-2008 University Housing Residence Hall and Northwood Community Apartments Rates

Regent Maynard moved approval of average rate increases of 4.9% for residence hall room and board and 2.0% for Northwood Community Apartments, as described in the Regents Communication. Regent Deitch seconded the motion.

In response to a question from Regent Newman, Vice President Harper stated that there were about 400 vacancies in the residence halls during the current fiscal year, and she explained the factors that contributed to this. Christine Siegel, senior associate director for housing services, further explained measures being undertaken to make students want to return and thereby improve the occupancy rates. These measures include making improvements in programming and amenities to provide a more attractive experience for students. She said it is anticipated that the numbers will be down somewhat next year.

Regent Newman expressed concerns that the University is not competing well with the private market, and is especially concerned with the prospect of increasing rates in the face of increased vacancy rates. Vice President Harper said that there is no relation between the room rates and the vacancy rates. But Regent Newman suggested that the number of vacancies indicate that the University may not be competing effectively with the private market and may be pricing itself out of this market.

Vice President Harper responded that it is not possible to solve this dilemma without making the improvements that the fee increase will allow.

Regent Darlow stated that she supports the increase as being necessary for making improvements, but she is concerned about the impact of the steady fee increases on students and their families.

Regent Richner inquired whether discounts for returning upper class students have been considered; Ms. Siegel responded that our pricing is not set up in this fashion. However, she noted that students move off campus for reasons other than price, including a desire to experience the independence of apartment living.

Executive Vice President Slottow observed that over time, the University can adjust its housing stock to the size of the demand. Regent Deitch said that while he supports the increase and believes it is necessary for the reasons expressed by Vice President Harper, he believes the vacancy rate is an interesting statistic that ought to be noted. He noted that the University's housing stock is old, and is different from what today's students are expecting and may be willing to pay for. He associated himself with Regent Newman's remarks about the private sector and pointed out that the problem will only be magnified once North Quad comes on line, as this will point out the deficiencies in the traditional halls.

Regent Newman reiterated her belief that raising prices is not the way to solve the problem of increasing vacancy rates. It was noted that most of the vacancies are in the North Campus facilities.

The vote was then taken, and the motion to approve the proposed rate increases was approved, with Regents Darlow, Deitch, Maynard, McGowan, and White in favor and Regents Newman and Richner opposed.

New Master's Degree in Supply Chain Management, Stephen M. Ross School of Business

On a motion by Regent Maynard, seconded by Regent Deitch, the Regents unanimously approved a new graduate degree program, "Master's in Supply Chain Management," to be offered by the Stephen M. Ross School of Business.

Program in the Environment Faculty Appointments

On a motion by Regent Newman, seconded by Regent Maynard, the Regents unanimously approved a change in the status of the Program in the Environment, a joint degree program in the College of Literature, Science, and the Arts and the School of Natural Resources and Environment, to allow faculty to hold joint appointments in the Program in the Environment.

University of Michigan Health System (UMHS) Washtenaw Community Health Organization (WCHO) reappointments to the WCHO Board of Directors

Executive Vice President Kelch stated that the WCHO is one of the best examples of collaboration between county government and a university in the country, and is a wonderful model of totally integrated health care for the mentally indigent and mentally disturbed.

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved the reappointment of Gene Brown and Michael Dabbs to the WCHO Board of Directors for the period April 1, 2007-March 31, 2010.

A five-minute break followed.

Public Comments

The Public Comments session began at 5:20 p.m. The Regents heard comments from the following individuals, on the topics indicated: David Boyle, alumnus, on the leadership style of Lee Bollinger, Geoff Goodman, student, on global citizenship and social responsibility, Leigh

Wedenoja, student, on the designated suppliers program, Susan Reed, student, on fair labor practices in the production of UM apparel, Kelly Simmons, student, on worker's rights, Audrey L. Jackson, alumna, on the Constitution and common sense; Greg Thrasher, citizen, on University priorities in hiring athletic coaches post Proposition 2, and Jim Mogensen, citizen, on the town/gown relationship.

There being no further business, the meeting was adjourned at 6:00 p.m. The next meeting is scheduled for May 17, 2007.