

## **MAY MEETING, 2006**

*The University of Michigan  
Ann Arbor  
May 19, 2006*

The Regents convened at 9:10 a.m. in the Dining Room C, Fairlane Center South, University of Michigan-Dearborn. Present were President Coleman and Regents Brandon, Deitch, Maynard, McGowan, Newman, Richner, Taylor, and White. Also present were Vice President and Secretary Churchill, Vice President Forrest, Interim Provost Gramlich, Vice President Harper, Executive Vice President Kelch, Vice President Krislov, Chancellor Little, Vice President May, Chancellor Mestas, Vice President Rudgers, Executive Vice President Slottow, and Vice President Wilbanks.

### **Call to Order**

President Coleman called the meeting to order and said how pleased the Board was to be meeting on the Dearborn campus. She commented on the selection of Professor Sean Morrison as “Michiganian of the Year” by the *Detroit News*, and made note of the deaths of two emeritus faculty members, Harm Buning and Herbert D. Doan.

President Coleman announced that a proposal for renovating Michigan Stadium had been added to the agenda as a supplemental item and the previously scheduled update on benefits would be postponed until the June meeting. Professor Coleman then acknowledged Professor Edward “Ned” Gramlich’s service as interim provost and executive vice president for academic affairs. She noted that “Ned is a pleasure to work with because of his quick humor and easy-going nature, even in the midst of very serious decision-making.” She thanked him for his service on behalf of all of the other executive officers, and called on Regent Newman.

Regent Newman called Provost Gramlich to the podium and read the following resolution:

*Regents' Resolution*

*The Regents of the University of Michigan commend and express deep appreciation to Edward M. Gramlich as he completes his term as interim provost and executive vice president for academic affairs on May 31, 2006.*

*Professor Gramlich has been a member of the University of Michigan faculty since 1976, with appointments in both the Department of Economics and the Gerald R. Ford School of Public Policy. A leader in each of his academic homes, between 1983 and 1997, he served two terms as chair of the Department of Economics and two as director of the Institute of Public Policy Studies (the forerunner of the Ford School), and was the founding dean of the Ford School. Professor Gramlich's strong commitment to public service is reflected in the positions he has held in Washington, D.C., including deputy and then acting director of the Congressional Budget Office (1986-87) and most recently as a member of the Board of Governors of the Federal Reserve System (1997-2005). Professor Gramlich's ability to combine his academic expertise with his policy experience has made him a highly valued leader at the University.*

*During Professor Gramlich's nine-month tenure as interim provost, the University has faced significant budgetary challenges. With a clear focus on the University's academic mission and values, deep appreciation of good ideas, and openness to new approaches, he has guided the University of Michigan thoughtfully and effectively. We have appreciated his commitment to the highest ethical standards, welcomed his good humor, and been grateful for his counsel.*

*As he takes on his new role as special advisor to the president, we look forward to Professor Gramlich's ongoing contributions to University life and his understanding of public issues. With respect and gratitude, the Regents salute Edward M. Gramlich and wish him continued success as a scholar, advisor, and leader in public affairs.*

A standing ovation followed, after which Interim Provost Gramlich complimented the Regents, executive officers, deans, and other leaders for their skill at managing the University so successfully during the state's financial difficulties of the past several years. He thanked everyone and noted that it had been "a real pleasure and a great honor" to have served in this capacity.

## **Presentation: “The College of Engineering and Computer Science: Defined by Relevant Experience”**

Chancellor Little welcomed the meeting participants to the Dearborn campus. He noted that the Dearborn Campus’s College of Engineering and Computer Science is known around the world for having produced many generations of well-educated engineers. He listed some of Dean Subrata Sengupta’s accomplishments during his 16 years, and called on him to make a presentation about the college.

Dean Sengupta gave an overview of the College of Engineering and Computer Science, pointing out how the college’s program offerings have expanded in recent years in response to the demands of industries in southeast Michigan as well as national priorities.

## **Committee Reports**

**Finance, Audit and Investment Committee.** Regent Brandon reported on the three agenda items the committee had considered the previous day. The committee first had received an update from the investment office. The committee next met with Carol Senneff, director of the Office of University Audits, about the most recent audits, staffing capabilities, and the FY06 audit plan. The committee also met privately with Ms. Senneff to inquire whether she and her team were receiving a high level of cooperation and responsiveness from management, and were assured that she was. The last session was an update on the FY07 General Fund budget, presented by Interim Provost Gramlich and Associate Provost Phil Hanlon.

**Personnel, Compensation and Governance Committee.** Regent Taylor reported that the committee had received an update on current dean searches from Provost Gramlich. It had also received a briefing from Associate Vice President Laurita Thomas about the operations and organization of the University’s human resources department. He noted that the committee is

undertaking a review of compensation policies and issues to ensure that policies are appropriate and are being followed. The committee is also reviewing expense accounts for executive officers and their staffs with similar goals in mind. Associate Vice President Thomas has shared with the committee her department's key performance indicators; the committee has decided to review key indicators in depth over time and to benchmark the department's performance against that of comparable organizations.

### **Michigan Stadium Expansion and Renovation Project**

President Coleman announced that the next item of business would be a presentation and discussion of a project for the expansion and renovation of Michigan Stadium. She stated:

*Our stadium is a treasure. Generations of Michigan alumni, students, faculty, staff, and fans have a stake in it – not just in the modern game-day experience, but also in the proud tradition of the Big House and Michigan football.*

*It is precisely because it is so valued that I feel such a deep responsibility to renew its aging infrastructure and attend to the 80-year-old stadium's most pressing needs.*

*As everyone knows, we have been studying these needs and potential solutions for a long time now. Bill Martin and his staff in the Athletic Department have completed the most comprehensive planning process I have ever seen undertaken on a university project. They explored a wide range of options for how we might approach major renovations. They conducted detailed cost analyses and financial modeling. They commissioned major surveys of fans and ticket holders to better understand what people most want in the game-day experience, and in any renovations we might undertake.*

*In fact, we have talked with the public about potential stadium renovations for more than a year and a half. Bill has gone out to large and small groups across the country to discuss possible changes and gather input for the planning process. So have I. We appreciate the feedback we heard and the tremendous sense of ownership felt by Michigan fans.*

*Through it all, we have been clearly described the challenge: To find the best path for renovating the stadium while respecting its history and tradition and in a way that maintains the long-term financial health of the University and the Athletic Department.*

*So finally, after all those months of consideration, Bill and Tim Slottow are ready to bring forward a final recommendation for your discussion and vote. I am deeply grateful for the mountain of good work that has gone into this process, and I am fully supportive of this proposal and its vision for ensuring the unique experience of the Big House.*

She noted that an action request on the stadium project had been distributed, and called on Executive Vice President Slottow. Mr. Slottow introduced Athletic Director Bill Martin to make a presentation on the program for this project.

Mr. Martin thanked President Coleman for her support, engagement, and challenges during the lengthy process leading up to this presentation. He noted that as a long-time resident of Ann Arbor, he is passionate about the stadium and said that if the project is approved, he has all intentions of staying and seeing it through. He recognized the fact that the stadium renovation issue is a very emotional one, but said he believes that it is the best long-term solution for the challenges presented by the stadium.

Mr. Martin noted that the stadium infrastructure and press box deficiencies have been studied extensively, as has the potential market for premium seating areas and potential revenue they could generate. The first of the guiding principles that have been followed throughout the process was that the project positively impact fan experience and safety. He noted that it currently takes 36 minutes to empty the stadium, and the proposed project will be able to reduce this time to 15-20 minutes. Other principles were that the project be of appropriate quality; be financially feasible (self-financing); not decrease existing capacity so that it will remain the country's largest football stadium, while at the same time providing wider seats and aisles and handrails; and not limiting future opportunities for additional expansion or other modifications.

Mr. Martin noted that the action request recommends construction of new structures with club seating and private suites to provide revenues to offset the capital costs of stadium renovation. He said that the project is financially feasible and consistent with maintaining the long-term financial health of the University and the Athletic Department, it will respect the tradition and character of Michigan Stadium, and will be of appropriate quality.

He described the project as follows:

There would be new structures on both the west side and east side, including a new elevated concourse on the west side and an expanded elevated concourse with new concessions

and restrooms on the east side. On the west side, site of the current press box, there would be the addition of club chairback seats, a new press box, and private suites. On the east side, there would be an expanded elevated concourse with new concessions and restrooms, an outdoor club seating area and a club lounge on one level, another level with indoor club seats and outdoor club seats, and another level with additional private suites.

The stadium would have wider aisles and seats in the seating bowl, and there would be new free-standing buildings at the north and south ends for new concession stands and restrooms. Selected restrooms and concession areas would be renovated, and new ADA seating would be constructed at the top of the west sideline seating bowl on the new concourse level.

In summary, the new facility would result in improved concourse circulation on the east and west side and improved bowl circulation and comfort, with wider aisles and seats. There will be new concessions, a significant increase in the number of women's restrooms, and additional men's restrooms. There will be a 78% increase in ADA seating, a new press box and new hospitality areas, 83 private suites, 2,700 outdoor club seats and 480 indoor club seats, and 650 chairback seats. The estimated project cost is \$226 million.

Mr. Martin reviewed the estimated capacity, project costs, and cash flow. He noted that current capacity is 107,501 and the capacity of the renovated stadium will be 108,251. About 10% of the estimated project cost, \$22.6 million, will be funded from Athletic Department reserves, yielding a project debt of \$203.4 million which will be financed by the University. Mr. Martin emphasized that projected revenue figures are very conservative and call for an estimated additional gross revenue in year one of \$14.090 million. Combined with the revenue loss from bench seats (\$1.290 million) and the project debt service (\$13.230 million), the net annual cash flow, not including any major gifts, would be negative \$430,000.

He noted that one option considered to fund stadium renovations had been to add a surcharge to every ticket, but planners decided against this option in the belief that a clear market exists for premium seating and that revenues from this seating would negate the need to add additional costs to fans sitting in the traditional seats.

In summary, Mr. Martin said that the project will result in improved circulation within the stadium, improved ADA capacity without eliminating prime sideline season ticket locations, the availability of premium seating which will generate new revenue to offset project costs, and private support opportunities to further offset project costs. Over time, the project will provide additional revenue streams that will assist with the capital needs of all of the department's sports. He emphasized that ensuring the highest level of facilities and opportunities for all 25 sports teams at the University is one of his major responsibilities, and he believes that this project will contribute to that goal. He acknowledged the emotions attached to the stadium renovation issue, but said that he is committed to its success. He commented how much he appreciates President Coleman's support and requested the support of the Regents.

Executive Vice President Slottow clarified that the request is only for approval of the project and appointment of the architect, consistent with the normal practice for projects over \$10 million. If approved, the Board would next review and be asked to approve the schematic design, and then the final project would come to the Board for a third time prior to being sent out for bids and award of contracts. Mr. Slottow also noted that Athletic Department staff have worked very closely with staff in his office in developing this project. Very detailed cost estimates have been done, and he said he is quite confident in the existing proposal relative to where we normally are at this stage in a project.

Mr. Slottow also commented that since Mr. Martin has become athletic director, the Athletic Department has had seven years of positive operating margins, has raised funds to be able to invest in significant deferred maintenance needs, and has realized his first priority, construction of the new Academic Center. He commended Mr. Martin and Athletic Department staff for having achieved sufficient financial stability to be able to undertake such a project.

The floor was then opened for discussion.

Regent Richner inquired why the preferred seat donation couldn't be designated for this project. Mr. Martin responded that the preferred seat donation had been used to stabilize the annual operating budget. These donations help the department to meet its obligations for grant-in-aid costs to the University for its athletes.

Regent Deitch noted that the action request calls for a budget of \$226 million and last month's estimate had been \$227 million. Mr. Slottow responded that the numbers are not precise to the exact dollar, and that a more detailed reconciliation and estimate would be submitted with the schematic design. He also noted that the approximate \$500,000 negative impact on the operating budget noted in Mr. Martin's comments is a very conservative estimate, and he is comfortable that it can be absorbed within the department's operating budget if it remains when the final figures are determined. Budget estimates will continue to be refined as final project plans are developed.

Regent Deitch noted that positive cash flow figures are based on assumptions that suites and club seats would all be sold. He asked, "Is there a set of circumstances under which you would come back and say, 'Regents, these numbers don't work any more?'" He said he had been told by experts in stadium construction that there can be a swing of as much as 30% from concept to working drawings. He inquired, "Assuming that the difference is 10%, and if interest

rates increase from 5% to 6% before bonds are sold, is there a number that is no longer feasible? Or are you saying to us, ... this is going to get done no matter what the cost is?"

Mr. Martin responded, "You never know what's out there." If there were exogenous factors such as another 9/11 event or an oil scare which would cause interest rates to rise, he said, "You bet I would say, whoa. Let's re-examine this. If an event were to happen that totally throws off the economics of this project," he said, "I'll be the first one to raise my hand and say, 'Let's sit down and talk about it.'"

Regent Deitch commented that if this were a private sector development and the Regents were the board of directors of a lending institution, they would acknowledge that it is an interesting project with a well-regarded developer, but would also want to see pre-leasing and pre-sales figures before making a financial commitment. He asked, "Given that this is going to have a lead time, do you intend before you come back to us for final approval on the financing to have raised some of the projected \$25 million and to have pre-sold some of the suites or leases? Or will marketing not begin until the entire project is approved?"

Mr. Martin responded that the department has thought it would be inappropriate to explore leases on suites or premium seating or other such issues prior to approval by the Regents. He also commented that prices can always be adjusted, and they should be adjusted to the market. However, it would not be wise to set prices today for a project coming on line 4-5 years from now, before final costs have been determined.

Regent Deitch asked when renovation of Crisler Arena would be commenced, given that the stadium project will not be concluded until 2010. Mr. Martin responded that like all other projects, renovation of Crisler Arena is driven by having the resources available to pay for it. At this point in time, no major donor has been identified for funding of the Crisler Arena project.

He noted that Crisler Arena is not considered to be a property of the Athletic Department, and priority for its use does not reside with the department. Therefore, there have been discussions with central administration about sharing the costs of renovating this facility. Mr. Slottow responded that renovation of Crisler Arena is a very high priority, and clarified that all facilities on campus are owned by the University.

Regent Deitch addressed President Coleman about her belief that it would not be appropriate for beer or wine to be served in the club seats or suites. He noted that to his knowledge, there are no other club seats or suites in the country where liquor is not served, and asked how she envisioned this policy being enforced in the future when the current board and administration are no longer serving. President Coleman responded that she cannot speak for future presidents and boards, but that she feels very strongly about the policy and believes that the board supports it. “As long as I am here,” she said, “there will be no alcohol.”

Regent Newman commented that this is really a board decision, and if a future board decides to allow alcohol in these areas, that would be up to them, as are all other decisions of this nature. Regent Deitch clarified whether, in this initial phase, if it is discovered that the no-alcohol policy is limiting sales, “then that will be that.” President Coleman concurred.

Regent Brandon moved approval of the Michigan Stadium Renovation and Expansion Project as described in the Regents Communication, and authorized commissioning HNTB Architecture for its design. Regent Taylor seconded the motion.

Regent White made the following motion:

*“Madame President, I move to postpone consideration of this action until the June 16, 2006 formal session of the Board of Regents so that the public has an opportunity to be heard on this matter.*

*We have put this in the supplemental agenda. The people of the State of Michigan have duly elected each member of the Board of Regents. In carrying out the duties of this office, matters this board is scheduled to vote on should be adequately noticed to the public. In principle, when a public institution intends to vote on projects exceeding \$200 million, the public has an interest in knowing the details of this*

*plan with sufficient notice for comment. Such notice given should not be the minimum required under the law, but should befit the magnitude of the project. Notice gives the public an opportunity for the people to be heard. Sufficient notice was not given here. Evidencing this lack of notice is that the stadium project is not part of our regular agenda, which is posted on the website. Instead, this project is part of the supplemental agenda, which is not included anywhere on the website. Further evidence of the lack of notice is the fact that there are no people signed up to talk about the stadium renovation project as Public Comments today. From the hundreds, if not thousands, of emails I have received concerning this project, I must assume that at least one individual would have signed up to address this Board if adequate notice had been given.*

*Although I was not on the Board when the Board of Regents approved the “Halo” stadium renovation, I was a member of the public who did not have an opportunity to see this project before it was built. If I had been on the Board then, I would have asked for the kind of public notice that I am asking for today. At least it was economically feasible to take the “Halo” down. Once luxury boxes are built, it would be prohibitively expensive to undo such construction.*

*It cannot be that there is a need to move so quickly that this vote need not be properly noticed. In other words, what is the rush? These are renovations to a football stadium, not the building of a hospital where a month delay could affect people’s lives. The stadium renovation will not affect football recruiting; next year’s recruiting class has already been picked. Football games will not be postponed by a month’s delay; the football field will be unaffected.*

*We are a public institution, with a governing board elected by the people. It is sound and prudent judgment to postpone this vote until the June meeting when everyone will be on notice that such a vote is coming. Maybe it is because I am a lawyer, but I truly believe that you cannot be right on substance if you are wrong on process.”*

Regent Deitch seconded Regent White’s motion, stating he wished to associate himself with her remarks.

Regent Newman commented that supplemental agenda items are often considered during the normal course of business at formal meetings and continued:

*“This has been no secret. This has been out there. We’ve had comments at many meetings and have received hundreds of emails, both for and against. Most importantly, as to the process, as Tim Slottow raised earlier, this is only the first step. There are two more bites of the apple, both much more substantive than this one. I think until we have a project, a design, a scope, of some sort that we can really look at and that the public really has an opportunity to see what we’re all looking at, on that one, I completely agree with Regent White. That one really needs to be out there and people ought to see it and have an opportunity to comment on it, because that’s when we’re talking about putting the shovel in the ground. All we’re looking for here is a concept and a budget and whether or not we go forward. I think people have strong opinions and that they should continue to express them, both for and against, but I will oppose that motion.”*

Regent Brandon and Regent Taylor announced that they would associate themselves with Regent Newman’s remarks. Regent Deitch commented that “once this train leaves the station, unless there is another 9/11, the impetus will be to get this thing done.”

Regent Newman responded that we have never cut off public discussion on this issue.

President Coleman called for a vote on Regent White's motion to postpone consideration of this issue until the June 16, 2006 meeting. The motion failed, with Regents Deitch, McGowan, and White in favor and Regents Brandon, Maynard, Newman, Richner, and Taylor opposed. Discussion then proceeded on the original motion to approve the project.

Regent McGowan made the following statement:

*I am not a sentimentalist; were I, it would have surfaced in scores of votes taken at the Board table over the thirteen years I have been supporting recommendations for rapid, significant and often risky change within this University.*

*I have every regard for this athletic director, for the president and for the views of my colleagues. Similarly, I respect those who ask only of me that I talk through with them proposals for change at the University that are on their way towards resolution at this table.*

*The plan unveiled this morning calls for a massive restructuring of Michigan Stadium at a very, very high price. But we will be awash in money from the long-term leasing of 80-odd suites and 3,300 club seats, our financial team tells us. Their thoroughness and accuracy throughout my time on this Board has been admirable -- and completely necessary. They'd best be right again. When we set about to spend \$230 million to build approximately 1,000 suite seats and 3,000 odd club seats together with what are gracefully called 'fan amenities' -- more restrooms, more concession stands, railings -- we damn well better be right.*

*The new structures atop the bowl at the intersection of Main and State Streets in Ann Arbor will be gargantuan. Absolutely huge. According to the financial modeling we are not being shown today, they will be brimming with people eager and able to pay hundreds upon hundreds of dollars -- or thousands - per game six or seven times during a year.*

*What we are going to need even more, though, are our fans sitting on those 100,005 plus bench seats, generations of people who have been with us through thick and thin, who must continue to pay their large seat licenses for their small stake of stadium seating in the shadows. For this plan to be feasible, they must derive satisfaction in doing their part to help fund all of our varsity sports teams - as well as from Michigan football victories. We will need them to be there cheering their hearts out for Michigan, now more than ever.*

*I have tried this vote on time and time again over the months leading up to today's public unveiling and the immediate decision that has been scheduled for today's agenda in Dearborn. I cannot make that Yes vote fit.*

*It's too much money spent on too few people; it's a value I simply do not share. It is being unveiled to our public and resolved in one breath; that's a value I do not share. I will vote No.*

Regent Deitch made the following comments:

*"I have been privileged to be a member of the Board of Regents since 1993. I was elected with my colleague, Regent McGowan. In those 13 ½ years we have been presented with over 450 proposals to construct new facilities and renovate existing ones. I, like she, have never voted against one. In fact, a review of the minutes of those meetings establishes that all of those votes were unanimous. Given that record, it is unassailable that my personal inclination, as well as the institutional inclination of the Regents, is to be supportive of the recommendations of the administration on capital projects.*

*However, it is also unassailable that the Regents are elected by the people of the State of Michigan to be good stewards of the University's assets and culture. Given that responsibility, it is incumbent on each of us to vote our conscience when we are presented with a proposal which any of us in good faith believe to be deleterious for the University. For me, the proposal to append huge structures to Michigan Stadium in order to house luxury boxes and so-called club seats is such a proposal. Accordingly, I will vote no and I would urge my colleagues to join me in such opposition.*

*I am not voting no because I think the Big House ought to be frozen in amber and remain forever the same, and everybody who knows me knows that I love change and that I embrace the future with enthusiasm. Clearly, there is consensus that Michigan Stadium needs updating to make it an even more wonderful venue than it is today. Our devoted football fans deserve better concessions and more rest rooms. We need more space in good locations and better access for the handicapped. Lord knows, I need a few more inches in the seat. We need better facilities for the media and better entertaining areas for the University, since our football Saturdays play such an important role in institutional advancement.*

*I have no doubt that the luxury box proposal is intended to address all these needs. As presented, it would in fact, at face, do so. I have no doubt that Mr. Martin has brought it forward because he believes it to be the right answer to the stadium needs. He does a fine job as our athletic director, and similar praise should go to Mr. Stevenson and Mr. Winters and Mr. Parker. However, in my judgment, the plan would address those needs in a way that would 1) aesthetically ruin our iconic masterpiece stadium; 2) be financially risky; 3) not be respectful of our University's traditions and culture; 4) contribute to the escalation of the arms race in college sports, and 5) project an insensitivity to the current economic condition of our state and the pain and anxiety of its people. I say that is too high a price to pay, particularly when there is a viable alternative that will do no harm and will accomplish the needed improvements easily while allowing us to preserve our reserves without risk.*

*In order for there to be a full record of the matter, please bear with me as I offer some observations on each point:*

*Aesthetics: Michigan Stadium is the best football stadium in America. It is an architectural masterpiece. I have been going there regularly and continuously for over 40 years and never fail to be awed and say "Wow" when I walk in. For me, the genius of the design is the fact that the stadium is built deep in the ground on a hillside site. Thus, from the outside the stadium is a proportionate and subtle structure. It is only when one gets inside that one is overwhelmed by its enormity. Hence, the "Big House."*

*The proposed addition is 425,000 square feet, 175,000 square feet in the west side and 250,000 square feet on the east. The west building will be the equivalent of six stories high and eight stories high on the east. These are very, very big buildings and their sheer massiveness will, in my opinion, overwhelm the existing structure. For people inside the stadium, in the seats, the sun will not shine very much, if at all, taking away part of the joy of a beautiful, autumn day in Ann Arbor. Also, as Professor Louis Guenin writes in opposing this plan, the stadium's architectural greatness is based on its "simplicity, understatement, symmetry, subterraneanity, smoothness, openness, and vastness." This plan is the antithesis of all of that.*

*Also of great significance is the fact is that the proposed addition will likely prove to be a discordant intrusion in the daily life of the surrounding residential neighborhood to the west, where the height limitation is 30 feet. While the University is not bound by city zoning, and could do anything we decide to do on its property, we, nevertheless, ought to be respectful of that physical environment when, as here, it is possible.*

*Second, this proposal is financially risky. Currently, the projected cost is \$226 million (not \$200 million as told to the Ann Arbor News and the Detroit News) with an equity investment of \$22.7 million of the Athletic Department's approximately \$27 million of unrestricted reserves. In the Athletic Department's presentation to us, after meeting the debt service of over \$13 million, the so-called base case for the project would lose about \$485,000 in the first year and grow to a net of \$961,000 in the tenth year, or a positive return of 4/10 of 1%.*

*The department then presents what it calls its "best case" which has the project making \$4,062,000 in year one, growing to \$5,613,000 in year ten. Yet, even this is a return of no more than 2% on the most optimistic projection, and not remotely close to the projection of \$14.6 million in the first year, as reported in the Ann Arbor News this past Sunday and the Detroit News today. Failure to hit any one of the assumptions that support the best case will make the return less than 2%, or worse yet, put the project in the red. In order to hit the base case, President Coleman's administration will have to thread a needle as a mis-projection on any one of the risk factors will create a financial drain. Here are the challenges which need to be overcome:*

1. *No construction cost overruns above \$226 million or \$227 million. I have been told by stadium construction and finance experts that costs can vary as much as 30% from concept to working drawings. Thus, a cost increase of 20% would take the project to over \$270 million.*
2. *No rise in interest rates above the projected 5%. The Dow dropped 214 points on Wednesday and another 77 points yesterday on fears of inflation. I think interest rates are likely to go up!*
3. *All of the box seats and club seats will have to be leased at 5% above the base budget. I ask: Is this possible in a troubled economy and for spaces where no liquor will be allowed? MSU has only leased about 300 of 850 club seats.*
4. *An extra \$3.5 million per year must be raised over the ten-year period without hurting other fundraising. I don't think our generous donors will support this program because of a perception that the project is self-funding or for a lack of gravitas. I could be wrong, but that's my sense of things.*

*No business person being prudent would make an investment of this size based only on "best case" assumptions. Rather, you would invest on realistic, achievable projections, and we have not been given such projections. This proposition is risky to a degree that merits rejection. No one who considers themselves fiscally conservative should in good conscience vote for this proposal.*

*Culture and tradition. Michigan has a unique and special culture. Over 100 years, our teams have built the winningest record in college football. Our fight song is "The Victors." Our players wear winged helmets. We had a center from Grand Rapids who became president of the United States. We are Michigan. We are the champions of the west. Academically, no other traditional football power compares to us. We are the University which provides "an uncommon education for the common man."*

*Our football Saturdays have a ritualistic beauty that is ours and ours alone. The Big House--as it is--is part of our uniqueness. On those six or seven days, we are one community. I will not support a change that creates a physical stratification that divides that unique community. I have read each of the hundreds of heartfelt e-mails that have come in to us asking us not to add luxury boxes to the Big House, as well as the thoughts expressed in the on-line petition circulated by SaveTheBigHouse.com. These people are important keepers of this aspect of our University culture and tradition, and I proudly stand with them. Referring to people's feelings on this subject as "emotional" is a put down and is not right.*

*The escalation of the college sports arms race. Michigan prides itself on being the "leaders and best." We have been told that "they" are all adding boxes and so we have to add luxury boxes to be "competitive." I believe that is patently absurd, and not a sound rationale for such an undertaking.*

*In my opinion, our true and only peer in college football is Notre Dame. Its stadium was modeled after the Big House. When Notre Dame renovated its stadium, its leaders did not add luxury boxes. It has no plans to do so, having made a decision to eschew professionalism in the "House that Rockne Built." We should do the same, and send a message to the Ohio States of the world that Michigan is different, and while we love and support the maize and blue, our institutional priorities are projects like Mott Children's Hospital, North Quad, the BSRB, the new School of Public Health building, the new Gerald R. Ford School of Public Policy building, and the new business school building.*

*In my opinion, the only thing that matters to our athletes is great facilities. We are told that by "leveraging" this asset, we will create more revenue for new facilities. I just don't see how given the risks. What I see is a mortgaging of our future and a despoiling of our institutional uniqueness for the benefit of a very, very small group of people.*

*Insensitivity to current economic conditions. I believe symbolism matters. Very large institutions best express themselves through their actions - as opposed to their words - and this action screams of insensitivity to the fact that Michigan is going through a wrenching economic transformation. The bottom has not yet hit. I don't know what will happen if GM goes bankrupt. Nevertheless, unemployment is 7.2%, while the national average is 4.7%. We have lost 21,000 manufacturing jobs since April, 2005. Other than the independently wealthy with large, diversified portfolios of liquid assets, everyone in Michigan is at risk. We will come back as a state in part because of the work being done at this great university. Let's tell the world that we're focused on creating knowledge and educating the next generation of leaders and innovators for our state, and not on things that don't seem necessary in a time when challenge and shared*

*sacrifice should be what we are about. I simply will not support a project where we are spending at least \$226 million to build private facilities for a privileged few when people in the state are rightfully worried about how to keep their homes and pay their children's college costs. I do not care that this project is supposedly self-funded. Members of the legislature will be hard-pressed to understand that the University needs a larger appropriation when we do a project like this. Similarly, how will we look our students and their families in the eye and ask for large tuition increases when we are doing this project? Instead, we should be following the suggestion of Regent Newman by building a General Fund endowment to mitigate the need for tuition increases. We ought to start by going to the people who would pay for these boxes and ask for a contribution to this fund instead. Colleagues, close your eyes and ask yourselves: Is this the right project at this time? If you want to do this, why don't we wait until Michigan's turnaround has been accomplished?*

*The Alternative. Originally, we were told that there was no alternative to luxury boxes in order to renovate the stadium. Fortunately, there is an alternative.*

*We have been presented with an alternative plan that the president has not chosen to recommend. This plan would add seats (keeping the Big House the biggest), widen the seats and aisles, put in a new press box, put in new concessions and more rest rooms. It's cost is projected at \$56 million. Under this plan, if we put in \$5.6 of equity, we will have a deficit because of debt service, etc. However, we can get back to break even with a surcharge of \$6.00 to \$7.00 per ticket and \$3.00 to \$3.50 per student ticket. Those surcharges can be lowered if we put in more equity from reserves. For example, if we raise the equity to \$11.2 million, the surcharge would be cut in half, to \$3.00 to \$3.50 and \$1.50 to \$1.75 per student. I know that we have been told that the boxes will pay for all stadium renovations without cost to the average season ticket holder, and I know that we were told that the surcharges were rejected because we don't want to burden the average fan. But I'll tell you something. I find that a little hard to accept because a few years ago we put in a seat license of \$1,000 per ticket, which caused many of our dedicated lovers of Michigan football to say, "I can't afford this." So \$1,000 was OK? It's worked successfully; it's helped stabilize the department's finances. But \$3.00, \$4.00, \$6.00 so that the cost of fixing Michigan Stadium and making it modern would be spread among all of us, that suddenly is too much and we need the revenue from these boxes to allow ourselves to have wider aisles, wider seats, more johns, and more concessions. For me, like Regent McGowan, that just doesn't fit into my value system.*

*I also have had financial models run. And I have to say in making this point that under Mr. Martin's leadership, the Athletic Department has been well run and in fact, about a \$27 million reserve has been created in 6 years. That money has been invested wisely, under Mr. Slottow's guidance, and I have done a projection that said, "If we just keep doing what we're doing, do this project, invest the money, get the 8% return that we strive for, in ten years we'd have about \$100 million in cash. I say, that would be enough to do everything, including getting Crisler Arena off the ground, not mañana, but now. Because it needs to be fixed now.*

*So in conclusion, for all of those reasons, I vote No. As has been said, there will need to be two more votes before construction starts--to approve the design (which we haven't seen) and to approve the budget. Therefore, if this passes, I would urge those of you who will vote yes to keep an open mind about later voting no if you come to agree that the design is bad or the price too high. And finally, if at the end, the project goes forward, I hope that all of my observations will have been proven untrue and the project is the success that its proponents believe it will be. But I cannot in good conscience, for the reasons stated, vote yes, now or in the future.*

**Regent Richner made the following observations:**

*Over the past several months, I have heard much about the traditions of the University of Michigan. But to me, one of the traditions of primary importance is our tradition of excellence. In everything we do, the University strives to be the leaders and best. Throughout this process I have considered the views and concerns ranging from those who have had no contact with the University other than visiting our stadium on a Saturday afternoon in the fall, to past presidents. I have also considered the views of our athletic director and his experts and consultants, of Athletic Director Bill Martin, Chief Financial Officer Tim Slottow and his staff, all of whom have spent months and months studying and analyzing every nuance of this and every other reasonable alternative.*

*After due consideration of all this information, I am convinced that this is the responsible and prudent course for us to take. As has been described, we had significant safety and access issues and concerns for the accommodation of those with disabilities that we must address. We also have a problem with rest rooms, dating back to the opening of the stadium 80 years ago. In the book, The Big House, by Robert Soderstrom, which details the legacy of Michigan Stadium and its creator, Fielding Yost, the author talks about the fact that not all of the 87,000 who attended the opening game of the stadium were all that enamored with the facilities at the stadium. Quoting from the book, "A second complaint was written by a woman, who stated in no uncertain terms that the toilet facilities were pitifully inadequate and great crowds are lined up for an hour before each game."*

*This is not a tradition I wish to continue. As brilliant and forward-thinking as Fielding H. Yost was, he did not fix this problem. We are going to fix it. We do not have the surplus funds to pay for this, and we are not going to put this burden on the backs of the fans in the stands. I am confident that the University can address the aesthetic concerns and design improvements befitting of the University of Michigan's traditions.*

*Regent Deitch cited Notre Dame, but I cite the Rose Bowl, which is a stadium not unlike our own--a bowl-shaped stadium. In my opinion, they did an excellent job of accommodating enclosed seating with the design of that stadium. I believe in our athletic director, our chief financial officer, and our president, and agree that the project improves Michigan Stadium and is in the best interests of the University.*

Regent Maynard stated:

*I have spent a lot of time studying this, and came to the decision that I've come to probably later than my other colleagues who are supporting it. But I am here to support the president and the athletic director and the CFO. I think this is the best way to upgrade the stadium. Three of my values are there. One is that the name of the stadium is not for sale. There is to be no advertising within the stadium, and at least under my watch there will be no alcohol in the stadium. The other part of it is that we have heard, not just during the past months, but really over the last years, comments on both sides in terms of how you renovate and upgrade the stadium. My hope is that those comments will continue. I do read every one and I will continue to do that. I am glad that our Michigan family cares about the stadium and that even though we disagree, we all disagree in the atmosphere of caring for the Michigan Stadium.*

Regent Brandon said:

*There are three reasons I will be voting for the stadium. Reason number one is that I believe this is the best decision for our coaches, our athletes, and our fans. I believe that and I have rationale to back up that belief. The second reason is that I think this is the most prudent financial scenario. I have looked at a bunch of them and I know a little bit about this topic, and I absolutely am convinced that we can pay for the stadium, that the de-leveraging that occurs over time will create cash flow, that it will create maximum fundraising opportunities, and that the athletic directors of the future will never be in a position where they look back and say, "What were they thinking?" when they made the decision to under-leverage one of the most valuable assets that we have in the Athletic Department to generate income to support our athletics.*

*The third reason I am voting for this is that I choose to support our athletic director. I think he has done a phenomenal job, which has been highlighted today, so I won't repeat that. But I have to tell you, he has turned the Athletic Department around and put us in a position where we have the ability to do some of the things that frankly, people who were in that position before him were unwilling to have the courage or the guts to do. Because he is running a \$70 million business and he has to do it on a stand-alone basis. He has to come up with his own revenue streams. We keep raising the price of tuition, which has a dramatic impact on his operational costs. He's got massive facilities to manage, and he's got salary compression taking place in the salaries of coaches that is unbelievable. And to not let him have the tools that he says he needs to do his job well, I think is wrong.*

*So I choose to support our athletic director, I choose to support our president, I choose to support our chief financial officer, and the vast number of people I have talked to about this. I also have a*

*personal bias. I listen to coaches. If someone wants to talk to me about the Michigan tradition, or about the importance and relevance of these kinds of decisions to the athletic department and the athletes and the impact on the tradition, I choose to talk to coaches. The fact of the matter is, the coaches I've talked to and the people who are experienced and credible in athletic administration tell me that we would be crazy not to do this. So I am going to vote for it.*

Regent Taylor associated himself with the comments of Regents Maynard, Richner, and Brandon, and continued:

*I believe this is the right thing to do. I have read all of the emails and have listened to all of the phone calls, etc., and I just think it's the right thing to do for a whole variety of reasons that have been expressed by my colleagues. For the sake of time I won't go into all of it.*

*I believe that when this project is completed, though, we will be able to say to each and every fan at the Big House, "You are going to be better off than you were before." No matter where you sit, no matter how much money you have, you will be better off. This will be a better stadium, in every respect, for everyone. I believe we can do this in keeping with the history and the honor and the tradition of the Big House.*

*I would like to close with this. In business, we often talk about the fact that we have a great project or a great plan. But the question is, can you successfully execute that plan? Now for some who might not know it, our athletic director, Bill Martin, does not need the job. He is a highly, highly successful developer. He knows this business. He has done a marvelous job in turning the department around. He has assembled a wonderful team. I am absolutely convinced that Bill Martin and his team can execute on this plan. And when it is all said and done, I think it will be to the greater glory of the University of Michigan. Therefore, I will vote yes.*

The vote was then taken on the motion to approve the Michigan Stadium Renovation and Expansion Project and to authorize commissioning HNTB Architecture for its design, and it was approved, with Regents Brandon, Maynard, Newman, Richner, and Taylor in favor and Regents Deitch, McGowan, and White opposed.

Regents Deitch and Taylor left the meeting at this point. The Regents then turned to the consent agenda.

## **Consent Agenda**

**Minutes.** Vice President Churchill submitted for approval the minutes of the meeting of April 21, 2006.

**Reports.** Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report, and the Human Resources and Affirmative Action (HRAA) Report. He noted

that the Central Power Plant had been recognized by the EPA for reducing greenhouse gas emissions through the use of its combined heat and power co-generation plant; the emissions had been reduced by .6 million metric tons, the equivalent to removing emissions of 26,500 automobiles.

**Litigation Report.** Vice President Krislov submitted the Litigation Report.

**Research Report.** Vice President Forrest submitted the Report of Projects Established, April 1-30, 2006.

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

**Division of Student Affairs.** No report was submitted.

**University of Michigan-Dearborn.** Chancellor Little highlighted the accomplishments of Provost Robert Simpson, who will be stepping down in June after 15 years of service. He also introduced Susan Martin, who is being recommended for appointment as provost and vice chancellor for academic affairs and professor of accounting.

**University of Michigan-Flint.** Chancellor Mestas reported that the University of Michigan-Flint had been nominated for six Michigan Emmy Awards related to its “I am UM-Flint” campaign.

**Michigan Student Assembly Report.** MSA President Nicole Stallings introduced Vice President Justin Hall, who will be assuming leadership of MSA in her absence during the summer months. Ms. Stallings then reported on MSA’s plans to strengthen the sense of campus community during the coming year.

**Voluntary Support.** Vice President May submitted the Report of Voluntary Support for April 2006.

**Personnel Actions and Personnel Reports.** Provost Gramlich submitted a number of personnel actions and reports. He noted that the annual recommendations for promotion and tenure were being submitted for approval. He noted that 170 of the 185 tenure cases submitted to the provost had been approved, with 85 of these involving the new granting of tenure, and that each recommendation represents an extraordinarily accomplished individual.

Provost Gramlich also highlighted recommendations for David Munson as dean of the College of Engineering; John King as vice provost for information; and Olivia Frost, recommended for appointment as interim dean of the School of Information, replacing John King.

Executive Vice President Kelch commented on the faculty promotion and tenure recommendations in the Medical School. He highlighted the records of Dr. Gary Fisher, recommended for promotion to professor of dermatology; Dr. Alexandra Stern, being promoted to associate professor of obstetrics and gynecology and associate professor in the Program in American Culture; Dr. Wendy Wall, clinical professor of surgery; Dr. Thomas Wilson, recommended for promotion to associate professor of pathology, with tenure; and Dr. J. Stuart Wolf, Jr., recommended for promotion to professor of urology, with tenure.

Chancellor Mestas observed that the recommendations speak for themselves, and Chancellor Little commented on the extreme seriousness with which the promotion and tenure process is carried out on the Dearborn campus.

**Retirement Memoirs.** Vice President Churchill submitted memoirs for 19 retiring faculty members, and Provost Gramlich called attention to the retirements of James Dapogny, Paul Rasmussen, and Nicholas Steneck.

**Memorials.** No deaths of active faculty members were reported to the Regents this month.

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

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

The Regents then turned to consideration of the regular agenda.

**Alternative Asset Commitments** (*Crow Holdings Realty Partners IV, L.P., Natural Gas Partners VIII, L.P., TPG Biotechnology Partners II, L.P., TCV VI, L.P., Welsh, Carson, Anderson and Stowe X, L.P., Charterhouse VIII, L.P., PrivatVärde Fund, L.P.*)

Executive Vice President Slottow informed the Regents about follow-on investments that had been made in the following funds: \$30 million to Crow Holdings Realty Partners IV, L.P.; \$40 million to Natural Gas Partners VIII, L.P.; \$20 million to TPG Biotechnology Partners II, L.P.; \$35 million to TCV VI, L.P.; \$25 million to Welsh, Carson, Anderson and Stowe X, L.P.; \$EUR 25 million to Charterhouse VIII, L.P.; and \$45 million to PrivatVärde Fund, L.P.

**U.S. Equity Investment (Sageview Capital Partners, L.P.); Absolute Return Investment (CT Large Loan 2006, Inc.)**

On a motion by Regent Brandon, seconded by Regent White, the Regents unanimously approved commitment of up to \$50 million to Sageview Capital Partners, L.P. and commitment of up to \$25 million from the University Investment Pool (UIP) to CT Large Loan 2006, Inc.

**Observatory Lodge Renovation**

On a motion by Regent Newman, seconded by Regent Brandon, the Regents unanimously approved issuing the Observatory Lodge Renovation Project for bids and awarding construction contracts providing that bids are within the approved budget.

**Medical Science Building I Research Laboratory Renovations**

On a motion by Regent Brandon, seconded by Regent Newman, the Regents unanimously approved the Medical Science Building I Research Laboratory Renovations Project as

described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

### **Medical Science Units I and II Renovations**

On a motion by Regent Newman, seconded by Regent Maynard, the Regents unanimously approved the Medical Science Units I and II Renovations Project as described, and authorized commissioning Lord Aeck Sargent for its design.

### **Michigan Memorial Phoenix Laboratory Renovation**

On a motion by Regent Newman, seconded by Regent Maynard, the Regents unanimously approved the Michigan Memorial Phoenix Laboratory Renovation Project as described, and authorized commissioning Lord Aeck & Sargent, Inc. for its design.

### **Ray Fisher Baseball Stadium Renovation and Alumni Field (Softball) Renovation**

Executive Vice President Slottow noted that the baseball stadium project would be funded solely through gifts and Athletic Department resources. He introduced Norman Friedman, senior associate of HOK Sport + Venue + Event, Inc.

Mr. Friedman displayed maps showing the locations of both stadiums and renderings of what they will look like once renovated. He noted that the fields for each stadium would be in their current location and the lighting would remain. The baseball stadium will have renovations to the bandstand, upgraded seating, and renovated offices. Locker rooms, training facilities, and equipment storage will move to a new building and a new hitting facility will be constructed. A new press box will be constructed above and behind the existing grandstands. There will be a new entrance and new rest rooms.

With respect to the softball stadium, two new plazas will be created to give improved access and visibility. The existing grandstand will be removed and replaced with a new grandstand that will accommodate 1800, and new bleachers that will accommodate 1,000. The current locker room will be expanded and existing facilities and meeting rooms will be expanded. There will be new rest room facilities, retail, concessions, equipment storage, and an indoor batting facility, as well as a press box and a new pedestrian walkway. He displayed a conceptual sketch of the entrance and plaza and a rendering of the new grandstand.

Regent Newman inquired whether it was anticipated that this project would yield any additional revenue for the Athletic Department. Mr. Winters responded that this was not intended to be a revenue-producing facility. Regent Newman questioned whether it might be feasible to have the retail facility associated with this project be opened year-round as a potential source of revenue, due to the lack of any other retail in that area. Executive Vice President Slottow responded that this was a good idea and its feasibility would be pursued.

There being no further discussion, Regent McGowan moved approval of the schematic design of the Ray Fisher Baseball Stadium Renovation Project as presented at the meeting. Regent Newman seconded the motion, and it was approved unanimously.

Regent McGowan moved approval of the revised scope, budget, and schematic design for the Alumni Field Renovation Project as presented at the meeting. Regent Brandon seconded the motion, and it was approved unanimously.

### **University of Michigan Hospitals and Health Centers Eye Center Expansion Project**

Executive Vice President Slottow noted that since approval of this project in July 2005, the square footage has increased from 215,000 gross square feet to approximately 222,000 gross square feet, with a corresponding increase in budget from \$120 million to \$121 million. He

introduced Mr. C. Ronald Ostberg, chairman and director of design for TSA of Massachusetts LLP.

Mr. Ostberg displayed a map illustrating the placement of the project on the site. He then described features of the new building, noting that it would have 3 levels of clinical floors, a surgery level, 3 laboratory levels, along with 2 other floors that would house support facilities, including a vivarium, and mechanical equipment. He reviewed schematic designs for the ground floor and the other floors. He noted that there would be connectors on all but one floor between the existing Kellogg Eye Center tower and the new building. He displayed renderings of the exterior.

Dr. Kelch commented that this project will provide opportunities for growth for the Department of Ophthalmology, one of the Health System's finest departments. On a motion by Regent Newman, seconded by Regent Brandon, the Regents unanimously approved the revised budget, scope, and schematic design 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 5 conflict of interest items, each of which requires 6 votes for approval. On a motion by Regent Newman, seconded by Regent Maynard, the Regents unanimously approved each of the following items:

### **Approval of Payment for LaRu Machine Quilting & Embroidery, LLC**

The Regents approved a payment by the UMHS Environmental Services Department for custom T-shirts produced by LaRu Machine Quilting & Embroidery, LLC. Because the co-owner of LaRu Machine Quilting & Embroidery, LLC, Laurie Rau, is also a University of

Michigan employee, this payment falls under the State of Michigan Conflict of Interest Statute.

The following information is provided in compliance with statutory requirements:

1. Parties to the contract are the Regents of the University of Michigan and its UMHS Environmental Services Department, and LaRu Machine Quilting & Embroidery, LLC.
2. The product provided is custom T-shirts, for a total dollar amount of \$6,010.25.
3. The pecuniary interest arises from the fact that Laurie Rau, a University of Michigan employee, is co-owner of LaRu Machine Quilting & Embroidery, LLC.

### **Contract between the University of Michigan and NeuroNexus Technologies**

The Regents approved a contract with NeuroNexus Technologies for the purchase of multi-channel recording probes. Because Daryl Kipke and Jamille Hetke, CEO and director of research, respectively, for NeuroNexus Technologies, are also University of Michigan employees, this contract falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the contract are the Regents of the University of Michigan and its Kresge Hearing Research Institute Otolaryngology Laboratory and NeuroNexus Technologies.
2. The product provided is multi-channel recording probes. The cost for the product is \$16,796.00.
3. The pecuniary interest arises from the fact that Daryl Kipke and Jamille Hetke, University of Michigan employees, are CEO and director of research, respectively, of NeuroNexus Technologies.

### **Approval of Payment for Avidimer Therapeutics, Inc.**

The Regents approved a payment by the Institute for Entrepreneurial Studies to Avidimer Therapeutics, Inc. to fund a portion of compensation for an MBA intern. This payment will be matched by Avidimer Therapeutics, Inc. Because James Baker, founder, scientific advisor, and minority shareholder of Avidimer Therapeutics, Inc., is also a University of Michigan employee, this payment falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the contract are the Regents of the University of Michigan and its Institute for Entrepreneurial Studies and Avidimer Therapeutics, Inc.
2. The service provided is placement of a student intern. The cost for the service is \$6,600.00.
3. The pecuniary interest arises from the fact that James Baker, a University of Michigan employee, is also founder, scientific advisor, and minority shareholder of Avidimer Therapeutics, Inc.

### **Approval of Payment for MondoDyne**

The Regents approved a payment for faculty photographs purchased from MondoDyne by the School of Education. Because Mike Gould, sole owner of MondoDyne, is also a University of Michigan employee, this payment falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the contract are the Regents of the University of Michigan and its School of Education, and MondoDyne.
2. The product provided is faculty photographs, for a total dollar amount of \$5,800.00.
3. The pecuniary interest arises from the fact that Mike Gould, a University of Michigan employee, is sole owner of MondoDyne.

### **Fourth Amendment to License Agreement between the University of Michigan and RenaMed Biologics, Inc.**

The Regents approved a fourth amendment agreement (“Agreement”) between the University of Michigan and RenaMed Biologics, Inc. (“RenaMed,” formerly known as Nephros Therapeutics, Inc.) for licensing of the technology “Use of Renal Tubule Cells for the Treatment of Cardiorenal Syndrome and Primary Essential Hypertension” (UMOTT File No. 3123). Because Professor H. David Humes is both an employee of the University of Michigan and partial owner, director, and chair of the medical and scientific advisory board for RenaMed, 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 RenaMed Biologics, Inc.
2. Amendment terms include adding the above-referenced invention into RenaMed's exclusive license with the right to grant sublicenses. RenaMed 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 review by the Conflict of Interest Review Committee will be done as appropriate.
3. Dr. Humes' pecuniary interest arises from his ownership interest in RenaMed. He has waived any personal participation in the sharing of revenue received by the University.

### **Approval of Academic Calendar for 2008-2009**

Provost Gramlich announced that this item is being withdrawn in order to reconcile the dates of the University's spring break with the spring break proposed in the tentative Ann Arbor Public Schools contract, which is scheduled for ratification on May 25, 2006. The revised calendar, which will accommodate the Ann Arbor Public Schools' schedule, will be submitted for approval at the June meeting.

Regent McGowan commended the provost's office for its sensitivity toward the Ann Arbor community on this issue.

A five-minute break followed.

### **Public Comments**

The Public Comments session began at 11:35 a.m. The Regents heard comments from the following individuals, on the topics indicated: Roger Klungle, faculty member, Joseph Gaughn, faculty member, and Samantha Petrak, faculty member, all on the topic of failure to fully implement the LEO contract at UM-Dearborn; and Andre Wilson, alumnus, Stephen Rassi, student, and Perry Silverschanz, alumna, on implementation of the Provost's TBLG Task Force recommendations.

There being no further business, the meeting was adjourned at 12:05 p.m. The next meeting is scheduled for June 16, 2006.