

NOVEMBER MEETING, 2012

*The University of Michigan
Ann Arbor
November 15, 2012*

The regents convened at 3:00 p.m. in the Anderson Room, Michigan Union. Present were President Coleman and Regents Darlow, Deitch, Maynard, Newman, Richner, Taylor, and White. Regent Ilitch was absent. Also present were Vice President and Secretary Churchill, Vice President Forrest, Provost Hanlon, Interim Vice President Kowich, Chancellor Little, Vice President May, Chancellor Person, Executive Vice President Pescovitz, Vice President Rudgers, Executive Vice President Slottow, and Vice President Wilbanks. Vice President Harper was absent.

Call to Order and President's Opening Remarks

President Coleman announced that Stephen DeBacker, Thurnau Professor and professor of mathematics, was one of 30 scholars honored as best in the nation by the Carnegie Foundation and the Council for Advancement and Support of Education. She also noted that she had recently accepted the 2012 Simon Award, which honors the University for outstanding and innovative global engagement. The University also was recognized for having the eighth-largest international student body in the country.

President Coleman said the agenda includes a request to renovate and expand the Earl Moore Building, which is the home of the School of Music, Theater & Dance. Support for this project comes from the continuing generosity of William and Delores Brehm, who have also supported the Medical School, the expansion of the Kellogg Eye Center, two endowed professorships, and an undergraduate scholarship program. She thanked the Brehms for making a significant impact on the University through their ongoing support.

Two campus startups; LectureTools and Compendia Bioscience, have recently been purchased, and both will remain in Ann Arbor.

Turning to the agenda, President Coleman introduced Vincent Hutchings, professor of political science and research professor with the Center for Political Studies in the Institute for Social Research. Professor Hutchings is also the principal investigator for the 2012 American National Election Study.

Presentation: “Analysis of the November 2012 Election”

Professor Hutchings said his presentation would provide context to assist in understanding the events that unfolded on Election Day. He described how the 2012 electorate and party affiliation differed from that in the 2008 election across a number of variables, including gender, race, and ethnicity.

President Coleman then turned to the regular agenda.

Committee Reports

Finance, Audit and Investment Committee. Regent White, chair of the Finance, Audit and Investment Committee, reported that President Coleman had joined her and Regent Richner for a portion of the meeting. The committee heard from Dave Brandon, athletic director, and Jim Balgooyen, associate athletic director, who presented the Athletic Department five year strategic plan. The committee also reviewed the internal controls process, and the fiscal year 2012 certification results with Rowan Miranda, associate vice president for finance, and Brent Haas, internal controls compliance manager. They also reviewed the international collaboration and travel process as part of analyzing enterprise risk, with Mr. Miranda and Nancy Hobbs, director of procurement services.

Health Affairs Committee. Regent Darlow, chair of the Health Affairs Committee, reported that she and Regents Deitch and Maynard met with President Coleman and Provost Hanlon, Executive Vice President Pescovitz, Dean Woolliscroft, UMHHHC CEO Doug Strong, and Health System CFO Paul Castillo. The committee discussed progress on strategic initiatives, patient satisfaction scores, and the executive board's consideration of new board committees. CFO Castillo provided an update on Health System finances. Darrell 'Skip' Campbell Jr., Henry King Ransom Professor of Surgery and chief medical officer, and Rick Boothman, UMHS chief risk officer, reviewed the "Michigan Model" approach to malpractice litigation and patient safety. The committee received a document on the statewide reach of the Health System, the only system in the state that serves patients from every county.

Personnel, Compensation and Governance Committee. Regent Newman said that she and Regent Taylor had joined members of the FAI Committee for the session on the Athletics five year strategic plan. The Personnel, Compensation and Governance Committee then met with Provost Hanlon, Vice President and Secretary Churchill, and President Coleman.

Provost Hanlon provided an update on dean and major director reviews and searches. Chancellor Little provided an update on the Dearborn campus, and Chancellor Person provided an update on faculty and staff on the Flint campus. It was noted that chancellor updates will be a regular part of future committee agendas.

President Coleman then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of October 19, 2012.

Reports. Executive Vice President Slottow submitted the Investment Report and the Plant Extension Report. There was no University Human Resources Report.

Litigation Report. Interim Vice President Kowich submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Projects Established, July 1 – October 31, 2012.

University of Michigan Health System. Executive Vice President Pescovitz had no additional report.

Division of Student Affairs. Vice President Harper was absent.

University of Michigan-Flint. Chancellor Person reported that the Flint campus recently held a community “Knock-Out Hunger” event that collected food for local families in need. The event featured Olympic boxing gold medalist, and Flint native, Clarissa Shields.

University of Michigan-Dearborn. Chancellor Little reported that the Dearborn Campus is conducting a follow-on study to a 2008 study to determine where students work and live after graduation. This will help address the challenge of finding ways to keep recent graduates in Michigan. Chancellor Little said the Dearborn campus recently held an event for alumni of color that was very successful and highlighted campus goals on inclusion.

Central Student Government Report. Central Student Government President Manish Parikh thanked Regents Maynard and Taylor for their service to the University during the last 16 years, and presented each with a resolution passed by the Student Assembly. He also provided highlights of the recent activities of the Central Student Government.

Voluntary Support. Vice President May submitted the report of voluntary support for October 31, 2012. He added his thanks to the Brehms for their gift supporting the Earl Moore

Building and to Dean Christopher Kendall for his advocacy, and the Avenir Foundation for the Clements Library gift.

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

Retirement Memoirs. Vice President Churchill submitted memoirs for two retiring faculty members.

Memorials. Vice President Churchill submitted a memorial for Christopher A. Peterson, Arthur F. Thurnau Professor and professor of psychology.

Degrees. There were actions with respect to degrees this month.

President Coleman pointed out the appointment of Timothy Lynch, vice president and general counsel, whose appointment will start on January 7, 2013.

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

Report of University Internal Audits

Vice President Slottow submitted the Report of University Internal Audits July – September 2012.

Absolute Return and Alternative Asset Commitments

On a motion by Regent Newman, seconded by Regent White, the Regents approved the appointment of Harvest Fund Advisors LLC as an investment manager for the Absolute Return portfolio with an initial investment of \$50 million. They also approved a commitment of \$20 million from the Long Term Portfolio to H. Barton Venture Select, LLC, a venture capital fund of funds based in Menlo Park, California, and a commitment of \$15 million from the Long Term Portfolio to White Rock Oil and Gas Partners I, L.P., a \$125 million natural resources fund.

Refinancing of a Portion of Outstanding Debt, Combination of Revenue Pledges and Financing of New Projects

On a motion by Regent Newman, seconded by Regent Maynard, the regents unanimously approved a resolution authorizing the executive vice president and chief financial officer or the associate vice president for finance, or the treasurer to: combine general revenues and hospital gross revenues for future debt issuance; develop the terms, and negotiate and execute the legal documentation for the financing with the assistance of the underwriters and outside legal counsel; obtain and approve final proposals for the bonds; and obtain and accept a final proposal for any “swaps,” and any liquidity arrangements required for the University’s variable rate debt, and execute and deliver the required documentation for the transaction. (INSERT RESOLUTION IN APPENDIX TO PROCEEDINGS)

Earl V. Moore Building Addition and Renovation

On a motion by Regent Maynard, seconded by Regent Newman, the regents unanimously approved the Earl V. Moore Building Addition and Renovation project as described in the Regents Communication, and authorized commissioning Integrated Design Solutions for its design. The estimated cost of the project is \$23,270,000 and funding will be provided from the investment proceeds and gifts.

Building Naming

Vice President May thanked the Brehms for their exceptionally generous record as donors.

On a motion by Regent White, seconded by Regent Newman, the regents unanimously approved designating the addition to the Earl V. Moore Building as the Brehm Pavilion.

William L. Clements Library Infrastructure Improvements and Addition

On a motion by Regent Darlow, seconded by Regent Maynard, the regents unanimously approved the William L. Clements Library Infrastructure Improvements and Addition project as described in the Regents Communication, and authorized commissioning SmithGroupJJR for its design.

College of Pharmacy Building Basement and First Floor Renovations

On a motion by Regent White, seconded by Regent Taylor, the regents unanimously approved the College of Pharmacy Building Basement and First Floor Renovations project as described in the Regents Communication, and authorized commissioning SHW Group for its design.

North Campus Research Complex Building 20 East Wing Renovation

Executive Vice President Pescovitz said that North Campus Research Complex continues to grow, employing 1,700. This will be the next building to come on-line.

On a motion by Regent White, seconded by Regent Richner, the regents unanimously approved the North Campus Research Complex Building 20 East Wing Renovation project as described in the Regents Communication, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Michigan Stadium Bowl Painting

On a motion by Regent Taylor, seconded by Regent Newman, the regents unanimously approved the Michigan Stadium Bowl Painting project as described in the Regents Communication, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Central Campus Area Utility Tunnel Replacement

On a motion by Regent Taylor, seconded by Regent Darlow, the regents unanimously approved the Central Campus Area Utility Tunnel Replacement project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Conflict of Interest Items

President Coleman then turned to the 10 conflict of interest items, each of which requires six votes for approval, and which would be approved via a single motion.

On a motion by Regent Taylor, seconded by Regent White, the regents unanimously approved the following 10 items:

Authorization for the University of Michigan to Enter into an Agreement with ImBio, LLC

The regents unanimously approved an agreement with ImBio, LLC (the “Company”) to jointly develop a fully automated software application for the purpose of providing a software solution for analysis of diffusion MRI breast cancer data sets.

Because Brian Ross, a University of Michigan employee, is also partial 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 Regents of the University of Michigan, its Department of Radiology and Biological Chemistry, and ImBio, LLC.
2. The agreement is for development of a fully automated software application to provide a software solution for analysis of diffusion MRI breast cancer data sets. The duration of the agreement is thirty-six months with an estimated cost of \$217,968 plus a maximum change order contingency not to exceed \$59,446.
3. The pecuniary interest arises from the fact that University of Michigan employee Brian Ross is also partial owner of ImBio, LLC.

Authorization for the University to Extend a Contract with BHJ Tech, Inc.

The regents unanimously approved an extension to a contract with BHJ Tech, Inc., (the “Company”) for engineering database design, scanning software and implementation. This includes continuation of monthly maintenance and support of the Medical Equipment Digital Library (MEDL) to track the digital documents, images and videos of medical equipment that will serve as an educational system for employees.

Because Jinan Li, a University of Michigan employee, is also 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 Regents of the University of Michigan, its Department of Material Services, and BHJ Tech.
2. The agreement extension is for database design, scanning software, and implementation. It will also include continuation of monthly maintenance and support for the Medical Equipment Digital Library program from May 1, 2012 – June 30, 2014. The total cost for the two years will be \$110,000 (\$60,000 for database design, scanning software, implementation \$2000 per month for continued monthly maintenance and support).
3. The pecuniary interest arises from the fact that University of Michigan employee Jinan Li is also the owner of BHJ Tech, Inc.

Authorization for the University to contract with Newline Builders

The regents unanimously approved authorization for the University to contract with Newline Builders for software consultation, fabrication of prototype temperature sensor hardware and circuitry and prototype software user interfaces.

Because Frederic Bayoff, a University of Michigan employee, is also owner of Newline Builders, 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 its Department of Human Genetics and Newline Builders.
2. The agreement is to increase the amount of the contract from \$12,000 to \$15,000 to cover additional programming fees related to software consultation, fabrication of

prototype temperature sensor hardware and circuitry and prototype software user interfaces.

3. The pecuniary interest arises from the fact that University of Michigan employee Frederic Bayoff is also owner of the Newline Builders.

Agreement between the University of Michigan and Arborlight, LLC

The regents unanimously approved an agreement with Arborlight, LLC (the "Company") to provide funding for the purchase of the supplies necessary to develop a LED based prototype device.

Because Max Shtein and Pei-Cheng Ku, University of Michigan employees, are also partial owners 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 Regents of the University of Michigan and its Office of Technology Transfer and Arborlight, LLC.
2. The agreement is to provide funding for the purchase of the supplies necessary to develop a LED based prototype device. The duration of the agreement is for 12 months at a cost of \$11,000.
3. The pecuniary interest arises from the fact that University of Michigan employees, Max Shtein and Pei-Cheng Ku, are also partial owners of Arborlight, LLC.

Master Agreement between the University of Michigan and Arbor Ultrasound Technologies, LLC

The regents unanimously approved a master agreement with Arbor Ultrasound Technologies, LLC (The "Company") to have the University participate in various projects that the Company will support independently or from grants from federal agencies.

Because William F. Weitzel and Grant Kruger are University of Michigan employees and partial owners 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 Regents of the University of Michigan and Arbor Ultrasound Technologies, LLC.
2. Agreement will cover standard procedures for performance of projects as well as provisions implementing University and federal policies related to intellectual property and publication. The Master Agreement will cover an initial five-year period with a total authorization not to exceed \$1 million. The University will use standard sponsored project accounting procedures to determine the cost of each project. Budgets will be reviewed and approved by authorized representatives of each department and school/college where projects are to be performed. The Master Agreement will allow the University and the Company to specify projects that the University will conduct under the terms of the Master Agreement. Since sponsored projects are often amended, the Master Agreement includes provisions for changes in time, amount, and scope of each supported project. University procedures for approval of each project will be followed, and additional conflict of interest reviews will be done by the Conflict of Interest Review Committee on a project-by-project basis.
3. The pecuniary interest arises from the fact that University of Michigan employees William F. Weitzel and Grant Kruger, are also partial owners of Arbor Ultrasound Technologies, LLC.

Research Agreement between the University of Michigan and HiperNap, LLC

The Regents unanimously approved an agreement with HiperNap, LLC (the “Company”) to support a research project directed by Dr. Shorya Awtar in the University’s Department of Mechanical Engineering entitled “Moving Magnet Actuators for Nanopositioning: (UID 12-PAF07668).

Because Dr. Awtar, University of Michigan employee, is also a partial 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 Regents of the University of Michigan and HiperNap, LLC.
2. The agreement terms conform to University policy. The period of performance for the project is expected to be six (6) months and the amount of funding support is anticipated at \$33,823.
3. The pecuniary interest arises from the fact that University of Michigan employee, Dr. Shorya Awtar, is also partial owner of HiperNap, LLC.

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

The Regents unanimously approved an agreement with Inmatech, Inc. (the “Company”) to fund a research project in the College of Engineering.

Because Dr. Levi Thompson, Dr. Paul Rasmussen, and Dr. Saemin Choi, University of Michigan employees, are also co-founders and board members or officers 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 Regents of the University of Michigan and Inmatech, Inc.
2. The terms of the Agreement will conform to University policy. The period of performance is one (1) year and the amount of funding support is \$45,081.
3. The pecuniary interest arises from the fact that University of Michigan employees Dr. Levi Thompson, Dr. Paul Rasmussen, and Dr. Saemin Choi, are also co-founders and board members or officers of Inmatech, Inc.

Subcontract Agreement between the University of Michigan and the Institute for Social & Environmental Research Nepal

The Regents unanimously approved an agreement with the Institute for Social & Environmental Research-Nepal (the “Company”) to enter into a subcontract agreement with the University for the proposal submitted to Arizona State University (ASU) titled “Innovation in the Measurement of Community Contextual Features.” The University’s proposal is in support of a broader proposal by ASU to the National Institutes of Health.

Because Dr. Dirgha Ghimire, University of Michigan employee, is also the director and a member of the board 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 Regents of the University of Michigan and the Institute for Social & Environmental Research Nepal.
2. The terms of the Agreement will conform to University policy. Dr. Ghimire will serve as the Principal Investigator at the University of Michigan with a total subcontract of

\$71,440 that is anticipated to cover a period of two years. Since sponsored projects are often amended, the Master Agreement includes provisions for changes in time, amount, and scope of each supported project. University procedures for approval of each project will be followed and additional conflict of interest reviews will be done as appropriate.

3. The pecuniary interest arises from the fact that University of Michigan employee Dr. Dirgha Ghimire, is also the director and member of the board of the Institute for Social & Environmental Research-Nepal.

License Agreement between the University of Michigan and PsiKick, Inc.

The Regents unanimously approved an agreement with PsiKick, Inc. (the “Company”) to obtain a license from the University of Michigan to the University’s rights associated with the following technology: UM OTT File No. 5399, entitled: Ultra-Low Power Radio for Short-Range Communication.

Because David Wentzloff, University of Michigan employee, is also partial 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 Regents of the University of Michigan and PsiKick, Inc.
2. Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay royalties and reimburse patent costs. The University may receive equity in the Company, along with the right to purchase more equity. 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, such as adding related technology. 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. Wentzloff arise from his ownership interest in PsiKick, Inc.

License Agreement between the University of Michigan and Lycera, Inc.

The Regents unanimously approved an agreement with Lycera, Inc. (the “Company”) which has an option to purchase JBL Pharma, a licensee of the University. As part of the purchase of JBL,

Lycera, Inc. will become the University's licensee for the University's rights associated with the following technologies: UM OTT File No. 3248, entitled: "Novel Cytotoxic Benzodiones with Therapeutic Potential" and UM OTT File No. 4187, entitled: "Selective Threonine/Serine Kinase Inhibitors."

Because Gary Glick, Anthony Opipari, James Ferrara, and David Canter, University of Michigan employees, are also partial owners 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 Regents of the University of Michigan and Lycera, Inc.
2. Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay royalties and reimburse patent costs. The University may receive equity in the Company, along with the right to purchase more equity. 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, such as adding related technology. 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. Glick, Opipari, Ferrara and Mr. Canter arise from their ownership interest in Lycera, Inc.

Procedure for Revising Regents' Bylaws

Vice President Churchill informed the regents these procedures, which were first adopted in 1975, have been updated to make them consistent with current practice including, in particular, recognizing the role of the Board of Regents' Personnel, Compensation and Governance Committee.

Procedure for Revising Regents' Bylaws
(revised October 2012)

Authority to amend the Bylaws of the Board of Regents of the University of Michigan rests with the Board of Regents. Bylaw Section 14.03 describes the amendment process:

"The bylaws may be amended at any regular meeting of the board, or at any special meeting, provided notice is given to each regent one week in advance. Such notice shall be accompanied by a copy of the proposed amendment or amendments."

Final responsibility for proposing amendments to the bylaws rests with the regents, the president, and the university's executive officers.

The following procedures will be followed before revisions to the bylaws are recommended to the regents for approval:

1. Proposals originating from departments or administrative units will be reviewed and approved by the appropriate school, college or unit. This review will include consultation with appropriate faculty and student groups. The school, college, or unit then submits the proposal to the appropriate executive officer, along with supporting rationale.
2. Proposals originating from special committees, advisory groups, committees of the senate, or other university bodies will be submitted to the appropriate executive officer, along with supporting rationale.
3. Proposals originating with an executive officer will be vetted by university units and groups that may be affected by the proposal.
4. After the proposed revision has been vetted, the executive officer will submit the proposal to the vice president and secretary of the university (VPS), who will submit it to the Office of the Vice President and General Counsel (OGC) for review.
5. Following review by the OGC, the VPS will submit the proposal to the executive officers group for review and approval.
6. The VPS will then submit the proposal to the PCG Committee for review. Following that review, the VPS will submit the proposed bylaw amendment to the *University Record* for a two-week public comment period. Comments received are considered prior to submission to the board for approval.
7. Upon approval by the board, a revised bylaw is printed verbatim in the *Proceedings of the Board of Regents* and on the regents' website.

The Regents' PCG Committee or the Board of Regents may ask the VPS to draft a proposed bylaw amendment, which will be handled in accordance with these procedures unless the president or regents waive these procedures. These procedures may also be waived when a prior regents' action (e.g., a change in name of a school or college) necessitates a corresponding housekeeping change to the bylaws.

Reorganization of the Division of Government Relations, University of Michigan-Dearborn

Chancellor Little informed the regents that the division of Government Relations has been reorganized and the position of vice chancellor for government relations will be renamed to the vice chancellor for external relations.

Public Comments

Regents heard comments from the following individuals on the topics listed: Chirapon Wangwongwiroj, student, on well-being initiatives on campus; Louis Mirante, student, the need

for Union and recreation building improvements; Tomas Nuñez and Luz Elena Olivas, citizens, on investments in HEI Hotels

There being no further business, the meeting was adjourned at 4:20 p.m. The next meeting will take place on December 13, 2012.