

Approved by the Regents
January 17, 2008

DECEMBER MEETING, 2007

*The University of Michigan
Ann Arbor
December 13, 2007*

The Regents convened at 3:00 p.m. in the Regents' Room. Present were President Coleman and Regents Darlow, Deitch, Maynard, McGowan, Newman, Richner, and Taylor. Also present were Vice President and Secretary Churchill, Vice President Forrest, Vice President Harper, Interim Chancellor Kay, Executive Vice President Kelch, Interim Vice President Hage, Vice President Lampe, Chancellor Little, Vice President May, Executive Vice President Slottow, Provost Sullivan, and Vice President Wilbanks. Regent White was absent.

Call to Order

President Coleman called the meeting to order and called attention to the upcoming winter commencement, the proposed building projects on the agenda, and the environmental report being presented at the meeting.

Dean's Report: Division of Kinesiology

President Coleman introduced Dean Beverly Ulrich, who gave an update on the Division of Kinesiology. She noted that kinesiology is one of nine undergraduate schools and is the fourth largest in terms of undergraduate enrollment, with 800 students. She described the four undergraduate majors--physical education, sport management, athletic training, and movement science--and highlighted the "Go Global" program which provides study abroad opportunities for kinesiology students. She noted that graduate enrollment has been steadily increasing, with emphasis on the Ph.D. program.

Dean Ulrich discussed the division's research program and described some of the research projects underway. She noted that there has been a rapid increase in external funding over the past decade. Funds raised through the Michigan Difference campaign have resulted in the division's first endowed professorship and establishment of the Michigan Sport Injury Prevention Center.

Dean Ulrich concluded by noting how pleased the division is with the new space provided by the renovation of Observatory Lodge, and she thanked the Regents for their ongoing support.

Update on Environmental Initiatives

Executive Vice President Slottow noted that Associate Vice President Baier would be presenting highlights of the second annual report on the University's environmental programs.

Associate Vice President Baier reviewed progress that had been made on the six point Environmental and Energy Initiatives Plan since it was first announced in April 2007 and noted that this report fulfills the first of the six points, which calls for an annual report. Discussions with DTE Energy are ongoing regarding the second point, renewable energy. With respect to the third point, alternative transportation, he said that ridership on University busses and on AATA busses ("M-Ride") continues to increase. In the area of purchasing, "green" alternatives are being highlighted on the University's website. On the fifth point, new construction and renovation projects, he pointed out that the University's energy performance standards have always been higher than the average, and are now exceeding those standards and pushing for even better energy performance. The final initiative, development of "Wolverine Teams," is proceeding in a pilot phase.

The environmental report tracks six main indicators on the Ann Arbor campus over a four-year period: total energy use, which he described as fairly flat; energy use normalized to population and building square footage (shows a downward trend); air emissions, which, he pointed out, is almost all produced by stationary sources and shows a downward trend for carbon dioxide; water use (remains flat); and land use (best management practices are being implemented, for example, the North Campus wetland basin storm water detention system). Another indicator, van pool usage, has steadily increased to the current 479 riders who participate in 76 van pools, which have traveled a combined 9 million passenger miles in one year and eliminated the need for 400 parking spaces. Mr. Baier said that centralized chiller plants, which have replaced some individual building chillers, have provided savings in energy, water, operating and maintenance costs, and capital costs. In addition, recycling efforts have been ongoing across campus for many years, resulting in an overall campus solid-waste recycling rate of approximately 30%.

Mr. Baier thanked the leadership of the Graham Environmental Sustainability Institute and the Department of Occupational Safety and Environmental Health for their assistance in preparing this report. He noted that seven schools and colleges, along with nine centers and institutes, have programs relating directly to sustainability issues, and acknowledged the Housing Division and the University of Michigan Health System for their particularly noteworthy environmental stewardship programs.

Mr. Baier concluded that the annual environmental report will provide a means for focusing, analyzing, and improving the University's wide-ranging environmental stewardship efforts. It will be publicly available on a website through the Department of Occupational Safety and Environmental Health.

Regent Maynard inquired about the University's use of renewable energy sources, such as solar and wind power. Mr. Baier responded that some photovoltaic cells are in use, but only as demonstration models, and solar heat collectors are being investigated as a means of preheating water for producing steam. Collecting biogas (methane from landfills) for generating electricity is also being investigated, as is wind energy. Mr. Baier also noted that researchers in the Institute for Social Research have been engaged to advise on how to motivate people to make behavioral changes in their work environments.

Regent Richner asked if the report considered environmental emissions related to transportation due to commuting. Mr. Baier responded that those emissions were considered but were not included in the report because the University could not control how people choose to come to work. This is an important regional issue; however, he pointed out that such programs as van pools do reduce emissions for commuting.

Public Comments

President Coleman called on Mark Shahinian, who was speaking on "Silver Certification for the new Law School building" (an agenda-related topic).

Committee Reports

Finance, Audit and Investment Committee. Regent McGowan, chair of this committee, reported that she, Regent Maynard, and Regent Deitch had considered three agenda topics. They first met with Associate Vice President Hank Baier and Mark Eboch, manager for real estate and space information, to review the annual lease portfolio for FY2007. The next session was a financial and operational update for the University of Michigan Press, involving Provost Terry Sullivan, Associate Provost Phil Hanlon, and Dean Janet Weiss. The committee then met with Carol Senneff, executive director of University Audits, for a bi-monthly audit update.

Personnel, Compensation and Governance Committee. Regent Richner, chair of this committee, reported that he, Regent Darlow, Regent Newman, and Regent Taylor met first with Provost Sullivan about some new student transition initiatives and about developments in higher education in the area of financial aid. Associate Vice President Laurita Thomas presented the University's annual salary report and discussed employment issues and retention rates. The final topic was a discussion with Interim Vice President and General Counsel Gloria Hage and Assistant General Counsel Tom Blessing regarding laws that apply to governing boards. The committee also worked on its 2008 agenda.

The Regents then turned to the consent agenda.

Consent Agenda

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

Reports. Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report, and the University Human Resources Report.

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

Research Report. Vice President Forrest submitted the Report of Projects Established, November 1 - November 30, 2007.

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

Division of Student Affairs. Vice President Harper commented about a campus situation that had led to the resignation of Zachary Yost as president of Michigan Student Assembly. She acknowledged Zack's decision to do what he considered best for Michigan and for MSA, and thanked him for his work in student government. She noted that the incident had led to

discussions and self-evaluation about attitudes toward disabilities, and that students are exploring the possibility of presenting campus-wide events about the broader issues raised by this incident. She welcomed Mohammad Dar as the new MSA president.

University of Michigan-Flint. Interim Chancellor Kay commented on recent activities on the Flint campus, including a neighborhood meeting meant to strengthen ties with the local community, and a series of “courageous conversations” that provide a forum for candid discussions of race relations and other issues.

University of Michigan-Dearborn. Chancellor Little expressed appreciation for funds that had been raised to upgrade the heating system of the Henry Ford Estate. He commented on plans for the upcoming winter commencement, including the awarding of an honorary degree to Charles Tilly. He also described plans for the establishment of a Hillel organization on the Dearborn campus.

Michigan Student Assembly Report. Mr. Mohammad Dar, president of Michigan Student Assembly, described some of the ongoing projects, goals, and initiatives currently underway by the assembly.

Voluntary Support. Vice President May submitted the Report of Voluntary Support for November 2007. He commented on the upcoming retirement of Associate Vice President Chacona Johnson.

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

Retirement Memoirs. Vice President Churchill submitted seven faculty retirement memoirs. Executive Vice President Kelch called attention to the accomplishments of retiring professor Rowena Matthews, as did President Coleman.

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 McGowan, seconded by Regent Maynard, the Regents unanimously approved the Consent Agenda.

The Regents then turned to consideration of the regular agenda.

Alternative Asset Commitments

The Regents were informed of the following follow-on investments in new funds sponsored by previously approved partnerships: \$20.0 million to CP Investment Fund III, L.P.; €20 million to Europa Fund III, L.P.; \$40 million to Natural Gas Partners IX, L.P.; and \$20 million to New Leaf Ventures II, L.P.

Supplemental Information to the Audited Financial Statements of the Department of Intercollegiate Athletics of the University of Michigan for the Year Ended June 30, 2007

Executive Vice President Slottow submitted supplemental information to the audited financial statements of the Department of Intercollegiate Athletics of the University of Michigan for the year ended June 30, 2007.

University Real Estate Policy Annual Report on Leases Exceeding 50,000 Square Feet

Executive Vice President Slottow submitted a report listing all situations in which the total square footage being leased in a particular building or in a related complex of buildings exceeds 50,000 square feet, as required by the real estate policy. The report disclosed four locations where University departments are leasing more than 50,000 square feet.

Fiscal Year 2009 Capital Outlay Submission, All Campuses

On a motion by Regent Newman, seconded by Regent Maynard, the Regents unanimously approved the Fiscal Year 2009 Capital Outlay Submission for all campuses, as described in the Regents Communication.

Central Power Plant 2.4kV Switchgear Upgrade

On a motion by Regent Newman, seconded by Regent Richner, the Regents unanimously approved the Central Power Plant 2.4kV Switchgear Upgrade Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Law School Academic Building and Hutchins Hall Student Commons Addition

Executive Vice President Slottow noted that the facilities enhancement project will include both a new academic building and an addition between and renovations within Hutchins Hall and the Cook Legal Research Building for a new student commons. Provost Sullivan commented that although the current Law School building is an architectural treasure, the Law School has grown to twice as many students and four times as many faculty as it had when the building was constructed. Additional classroom and clinical space, equipped with modern technological capabilities, is needed, as is space for student organizations.

On a motion by Regent Richner, seconded by Regent Deitch, the Regents unanimously approved the Law School Academic Building and Law School Student Commons Project as described and authorized commissioning Hartman-Cox and Integrated Design Solutions, LLC for its design.

Hutchins Hall 2008 Exterior Repairs

On a motion by Regent Deitch, seconded by Regent Taylor, the Regents unanimously approved the Hutchins Hall 2008 Exterior Repairs Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

University of Michigan Hospitals and Health Centers Data Center Project

Executive Vice President Kelch commented that this project has been analyzed extensively due to the extremely high cost estimates it generated. It incorporates a “build your own” approach to achieve the highest level of security and lowest possible risk; this approach emerged as the best approach upon analysis of all of the options. He noted that the location on North Campus is convenient and suitable for expansion. Most of the costs involved are in the built-in redundancies that will allow continuous operations of the health system if local utility supplies are interrupted. It was noted that seismic design requirements have been included in the project.

On a motion by Regent Maynard, seconded by Regent Taylor, the Regents unanimously approved the University of Michigan Hospitals and Health Centers Data Center Project as described, and authorized commissioning X-nth, Inc., for its design.

University of Michigan Hospitals and Health Centers Domino’s Farms Leasehold Improvements for the Preoperative Clinic

On a motion by Regent Deitch, seconded by Regent Maynard, the Regents unanimously approved the University of Michigan Hospitals and Health Centers Domino’s Farms Leasehold Improvements for the Preoperative Clinic Project as described.

University of Michigan Hospitals and Health Centers Huron Valley Professional Center Orthopaedics at South Main Leasehold Improvements

On a motion by Regent Maynard, seconded by Regent Deitch, the Regents unanimously approved the University of Michigan Hospitals and Health Centers Huron Valley Professional Center Orthopaedics at South Main Leasehold Improvements Project as described.

University of Michigan Hospitals and Health Centers 2900 Huron Parkway, Ann Arbor, Michigan, Leasehold Improvements for the Department of Pathology

On a motion by Regent Newman, seconded by Regent Maynard, the Regents unanimously approved the lease amendment and the University of Michigan Hospitals and Health Centers 2900 Huron Parkway, Ann Arbor, Michigan Leasehold Improvements for the Department of Pathology Project as described.

Conflict of Interest Items

President Coleman announced that the agenda includes 6 conflict of interest items, each of which requires 6 votes for approval. These would be considered as a block, in one vote.

On a motion by Regent McGowan, seconded by Regent Richner, the Regents unanimously approved the following agreements.

Amendment of Sublease Agreement with Parke, Davis & Company as Subtenant and Traverwood II LLC as Landlord

The Regents approved an amendment to a sublease agreement dated June 26, 2007, for 7,512 square feet of property located at 2900 Huron Parkway, Ann Arbor, Michigan, subleased from Parke, Davis & Company, to increase the space to 22,425 square feet. Because William C. Martin, a University of Michigan employee, is also a member of Traverwood II LLC, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the amended sublease agreement are the Regents of the University of Michigan, Parke, Davis & Company, and Traverwood II LLC.
2. The service to be provided is an amendment of the sublease from Parke, Davis & Company that increases space from 7,512 square feet to 22,425 square feet in a building at 2900 Huron Parkway, Ann Arbor, Michigan for three years, beginning January 1, 2008 through December 30, 2010, at a monthly rate of \$37,399.83 for the first year, \$38,708.83 for the second year, and \$40,063.67 for the third year. Subtenant (the University of Michigan) is responsible for gas and electric usage and all other operating expenses, currently estimated at \$12,000.00 per month. In addition, approximately \$1,927,000 of leasehold improvements will be needed, to be constructed by the landlord and reimbursed by the University.
3. The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is a member of Traverwood II LLC.

Approval of Purchase from GoKnow Learning, Inc.

The Regents approved a purchase by the School of Education from GoKnow Learning, Inc., for software development for cell phones to be used in a research project. Because Elliot Soloway, a University of Michigan employee, is also founder and stockholder of GoKnow Learning, Inc., 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 contract are the Regents of the University of Michigan and its School of Education and GoKnow Learning, Inc.
2. The service provided is software development of a vocabulary and conceptual knowledge development test for preschool children using cell phones. The cost for the service is \$59,000.00.
3. The pecuniary interest arises from the fact that Elliot Soloway, a University of Michigan employee, is a founder and stockholder of GoKnow Learning, Inc.

Approval of Purchase from PhysioDance

The Regents approved a purchase by the University of Michigan Hospitals' Department of Physical Medicine and Rehabilitation of services from PhysioDance for instruction of an adapted dance class for children ages 5-14 with physical disabilities. Because Susan Johnson-Jaworski, a part-time University of Michigan employee, is also owner of PhysioDance, this

purchase falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the contract are the Regents of the University of Michigan and its Department of Physical Medicine and Rehabilitation and PhysioDance.
2. The purchase is 8 weeks of dance instruction of an adapted dance class with 6 students for children aged 5-14 with physical disabilities. The cost of instruction is \$75 per class for a total of \$450.00.
3. The pecuniary interest arises from the fact that Susan Johnson-Jaworski, a part-time University of Michigan employee as a physical therapist, is owner of PhysioDance.

Option Agreement between the University of Michigan and Arbor Energetics

The Regents approved an option agreement with Arbor Energetics (“Company”) for licensing of the following University of Michigan technology: UM OTT File No. 3633: “Micromachined Deposited Battery, and UM OTT File No. 3668: “Hybrid Battery Supply for EV, HEV or PHEV.” Because Ann Marie Sastry, a 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 University of Michigan and Arbor Energetics.
2. Agreement terms include granting the company an exclusive option to an exclusive license with the right to grant sublicenses. If the option is exercised, the company will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the optioned technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the agreement may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. Ann Marie Sastry’s pecuniary interests arise from her ownership interest in Arbor Energetics.

Non-Disclosure Agreement among the University of Michigan, Merck & Co., and Ascenta Therapeutics

The Regents approved a non-disclosure agreement with Ascenta Therapeutics (“Ascenta”) for the sharing of confidential information among Ascenta, the University of Michigan, and Merck & Co. Because Shaomeng Wang and Marc Lippman, University of Michigan

professor and adjunct professor, respectively, are also partial owners, directors, and members of Ascenta's scientific advisory board, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the agreement are the Regents of the University of Michigan, Ascenta, and Merck & Co. ("Merck").
2. The agreement provides for the parties to disclose information relating to certain protein interaction inhibitors and related compounds for the sole purpose of permitting Merck to evaluate its interest in a potential arrangement for research, development and/or commercialization of these compounds.
3. The pecuniary interests of Drs. Wang and Lippman arise from their ownership interest in Ascenta.

Second Amendment to license agreement between the University of Michigan and ImBio, LLC

The Regents approved a second amendment to a license agreement with ImBio for licensing of the technology "Method of Display and Quantification of Hemodynamic Characteristics on Image Data Sets" (UM OTT File No. 3812). Because Brian D. Ross and Alnawaz Rehemtulla, University of Michigan employees, are also the principal owners, directors, and officers of ImBio, 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 ImBio, LLC.
2. Agreement terms include granting ImBio an exclusive license with the right to grant sublicenses. ImBio will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the agreement may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interests of Drs. Ross and Rehemtulla arise from their ownership in ImBio.

Change in Research Scope and Name of the Institute for Labor and Industrial Relations (ILIR) to the Institute for Research on Labor, Employment, and the Economy (IRLEE)

Vice President Forrest informed the Regents that the name of the Institute for Labor and Industrial Relations (ILIR) is being changed to the Institute for Research on Labor, Employment, and the Economy (IRLEE), and its research scope and mission is being changed to advance knowledge about the major forces restructuring the economy that are reverberating internationally, nationally, and locally. The new IRLEE will be organizationally integrated into the Business and Industrial Assistance Division, resulting in a shift of the organizational home and reporting relationship for the new institute from the School of Social Work to the Office of the Vice President for Research, with joint oversight by that office and the Office of the Vice President for Government Relations.

Regent Maynard asked whether other institutions will assume some of the activities that have traditionally been undertaken by ILIR. Vice President Forrest reported that discussions are underway with Wayne State University and Michigan State University regarding taking over the labor conferences previously sponsored by ILIR.

FY 2008-09 Annual Operating Request to the State, Ann Arbor Campus

On a motion by Regent McGowan, seconded by Regent Maynard, the Regents unanimously approved the FY 2008-09 annual operating request to the state for the Ann Arbor campus.

FY 2008-09 Annual Operating Request to the State, Dearborn Campus

On a motion by Regent Newman, seconded by Regent Maynard, the Regents unanimously approved the FY 2008-09 annual operating request to the state for the Dearborn campus.

FY 2008-09 Annual Operating Request to the State, Flint Campus

On a motion by Regent Maynard, seconded by Regent Newman, the Regents unanimously approved the FY 2008-09 annual operating request to the state for the Flint campus.

Doctor of Nursing Practice Degree (DNP) at the University of Michigan-Flint

On a motion by Regent Maynard, seconded by Regent Newman, the Regents unanimously approved establishment of the Doctor of Nursing Practice (DNP) degree to replace the existing Master of Science in Nursing (MSN) degree program. It was noted that this would be the second doctoral degree program on the Flint campus.

Public Comments

The Regents heard comments from Jim Mogensen, citizen, on “Project Team Blind Spots Part IV: Mott, Frieze, Stadium;” Mike Wrathell, alumnus, on “our reputation;” and Chris Detjen, student, on renewable energy for the University of Michigan.

There being no further business, the meeting was adjourned at 4:40 p.m. The next meeting is scheduled for January 17, 2008.