

JANUARY MEETING, 2009

Approved by the Regents

February 19, 2009

*The University of Michigan
Ann Arbor
January 22, 2009*

The Regents convened at 3:10 p.m. in the Regents' Room. Present were President Coleman and Regents Darlow, Deitch, Ilitch, Maynard, Newman, Richner, and White. Also present were Vice President and Secretary Churchill, Vice President Forrest, Vice President Harper, Executive Vice President Kelch, Vice President Lampe, Chancellor Little, Vice President May, Chancellor Person, Vice President Scarnecchia, and Provost Sullivan. Regent Taylor and Executive Vice President Slottow were absent.

Call to Order and President's Opening Remarks

President Coleman called the meeting to order and welcomed Regent Denise Ilitch to her first meeting. She announced that University alumnus Larry Page, co-founder of Google, is being recommended for an honorary degree and will be the commencement speaker at the Spring 2009 undergraduate commencement. She also announced that Dr. David Kuhl, professor of radiology, had been awarded the 2009 Japan Prize, one of the most prestigious awards in the fields of science and technology.

President Coleman announced that in December 2008 former regent Thomas A. Roach, who had served on the board for 16 years, had died. Regent Maynard and Regent Deitch shared some personal recollections of their friendship with Regent Emeritus Roach.

Annual Report on Research

Vice President Forrest presented the report of research scholarship for FY 2008. He said that the role of the Office of the Vice President for Research ("OVPR") is to provide strategic

leadership so as to position the University to thrive and lead in the research arena. This is done by giving faculty the tools they need to succeed, and by recognizing them when they do so.

Vice President Forrest reported that in FY2008, the total volume of research had risen to a record high of \$876 million, an increase of 3.5% over the previous year, with Medical School funding now ranked 7th nationally. Industry spending has increased by 11%, to a total of \$43 million. He pointed out that the research portfolio provides a level of stability in the University's overall financial picture during times of turbulence in the financial markets.

The University's industry partnerships yielded 13 spin-off companies in FY2008, among the highest in the country, and licensing income reached \$25 million. He reported that the Michigan Initiative for Innovation and Entrepreneurship, an economic development effort involving all of the state's public universities and led by the University of Michigan, is being looked to as a possible national model for regional economic development.

Vice President Forrest reported that efforts to change the University culture by recognizing and rewarding faculty for working with industry are bearing fruit. He introduced Professor Farnam Jahanian, winner of the 2009 Distinguished University Innovator Award, who founded a successful computer network security company. He also described the Business Engagement Center, a collaboration between OVPR and the Office of Development, which provides a gateway for university and business entrepreneurs to engage with each other.

Vice President Forrest noted that the reputation of faculty strongly influences university rankings, and that rankings can make a big difference in the quality of students and recruitment and retention of faculty. To help improve the University's ranking, the OVPR is working with the units to significantly increase recognition of faculty by national and international organizations. He also pointed to efforts the University has made in the area of maintaining

faculty excellence, including providing funding for new faculty hires in strategic areas and redesigning career paths for non-tenure track research faculty.

Vice President Forrest reported that a new associate vice president for research position has been created to develop a comprehensive cyber infrastructure to expand the university's large-scale computational research capacity. Finally, he reported that the University is positioning itself for taking advantage of new opportunities in the area of developing new generation batteries and other renewable energy sources to update our energy infrastructure. This is a priority for both the state and federal governments, and is an area in which the University can help set the national agenda.

President Coleman affirmed that the administration has been encouraging deans and department chairs to nominate faculty for recognition by important professional associations and to recognize those who have received such recognition.

President Coleman then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of December 18, 2008.

Reports. The following reports were submitted on behalf of Executive Vice President Slottow: the Investment Report, Plant Extension Report, Regents Report on Non-Competitive Purchases over \$5,000 from Single Sources, September 16-December 15, 2008, and the University Human Resources Report.

Litigation Report. Vice President Scarnecchia submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Projects Established, December 1–December 31, 2008.

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

Division of Student Affairs. There was no additional report from the Division of Student Affairs.

University of Michigan-Dearborn. Chancellor Little reported that the Martin Luther King Day celebration on the Dearborn campus had been a huge success, with more than 500 students participating in service activities.

University of Michigan-Flint. Chancellor Person reported that both enrollment and credit hours are significantly higher this semester than during the same period last year.

Michigan Student Assembly Report. Ms. Sabrina Shingwani, president of MSA, updated the Regents on current projects and initiatives underway in MSA. She also reported that the assembly had recently passed a nonpartisan resolution regarding the conflict in the Gaza Strip.

Voluntary Support. Vice President May submitted the report of voluntary support for December 2008. He also noted that a new “president’s challenge” had kicked off on January 1, seeded by a \$25,000 donation from President Coleman and Mr. Coleman. The funds raised in this initiative will be targeted toward enriching the international experience for students.

Personnel Actions/Personnel Reports. Provost Sullivan submitted a number of personnel actions and personnel reports. She called attention to the recommended appointment of Professor Christine Whitman as vice provost for academic and faculty affairs, effective July 1, 2009, noting that this would be a half-time position shared with current Vice Provost Lori Pierce, who will be returning half-time to her faculty duties in radiation oncology.

Retirement Memoirs. Vice President Churchill submitted 6 retirement memoirs. Provost Sullivan called attention to the retirements of former deans Paula Allen-Meares and Allen Samuels.

Memorials. Vice President Churchill submitted memorial statements for two faculty members.

Degrees. President Coleman submitted a recommendation for an honorary Doctor of Engineering degree for Larry E. Page, to be presented at the Spring Commencement, 2009.

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

Report of University Internal Audits, October 2008-November 2008

The Regents received the report of University Internal Audits, October 2008-November 2008.

Fiscal Year 2010 Capital Outlay Submission All Campuses

The Regents received information about the Fiscal Year 2010 Capital Outlay submission for all campuses that was submitted to the state in December 2008.

Player Development Center for Intercollegiate Basketball

President Coleman noted that this project would be constructed as an addition of approximately 50,000 gross square feet to Crisler Arena. Regent Deitch moved approval of the Player Development Center for Intercollegiate Basketball Project as described, and authorized commissioning Jickling Lyman Powell Associates, Inc., for its design. Regent White seconded the motion, and it was approved unanimously.

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, since no Regent had requested recusal from any item. On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved the following agreements:

Agreement between the University of Michigan and the Flint Association of Black Social Workers

The Regents approved an authorization for the Department of Health Management and Policy in the School of Public Health to enter into an agreement with the Flint Association of Black Social Workers (FABSW). Because Leander Croom, a University of Michigan employee, is also vice president of the Flint Association of Black Social Workers, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the contract are the Regents of the University of Michigan and its Department of Health Management and Policy in the School of Public Health and FABSW.
2. The agreement is for services to convene community discussions for students enrolled in genetics curriculum and their parents. The first community meeting took place on February 12, 2007 and total payment is due for \$1,450. Subsequent payments of \$1,000 per year are anticipated for years 2008 through 2010.
3. The pecuniary interest arises from the fact that Leander Croom, University of Michigan employee as lecturer II in social work at the University of Michigan-Flint in the School of Education and Human Services, is vice president of FABSW.

Authorization for Purchase from Arborwind Farm, LLC

The Regents approved a purchase by the Molecular & Behavioral Neuroscience Institute (“MBNI”) from Arborwind Farm, LLC (“Arborwind”), for custom-designed behavioral testing chambers. Because Douglas Luma and Jill Becker, University of Michigan employees, are also owner and member, respectively, of Arborwind, 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 MBNI and Arborwind.
2. The purchase is to pay for the labor to construct and fabricate three testing chambers at Arborwind's facilities. The estimated labor hours per chamber is 40 hours at a cost of \$75 per hour. Total estimated cost for all three chambers is \$9,000 for work to be completed by January 31, 2009.
3. The pecuniary interest arises from the fact that Douglas Luma and Jill Becker, University of Michigan employees, are also owner and member, respectively, of Arborwind.

Research Agreement between the University of Michigan and the University Corporation for Advanced Internet Development

The Regents approved a research agreement with the University Corporation for Advanced Internet Development ("UCAID"), enabling University employees to assist UCAID at their site with a variety of tasks associated with fulfilling their mission. Because Douglas Van Houweling, University of Michigan employee, is also president and CEO of UCAID, 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 the University Corporation for Advanced Internet Development (UCAID).
2. UCAID wishes to renew a contract with the University to have University employees assist UCAID at their site with the variety of tasks associated with fulfilling their mission. The proposed renewal agreement will provide support for University employees over a three-year period at an estimated cost of \$4,688,848. Dr. Van Houweling receives no salary from the University for performance of duties for UCAID. The agreement includes provisions for changes in time, amount, and scope. University procedures for approval of any changes will be followed and additional conflict of interest review will be done as appropriate.
3. Douglas Van Houweling's pecuniary interest arises from his status as president and CEO of UCAID.

Material Transfer Agreement between the University of Michigan and Biotectix, LLC

The Regents approved a material transfer agreement with Biotectix, LLC, to enable Biotectix to obtain certain research material from Dr. Daniel Lawrence's laboratory in the

Department of Internal Medicine in order to perform certain tests. Because Dr. David Martin, a University of Michigan employee, is also a partial owner of Biotectix, 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 Biotectix, LLC.
2. Material transfer agreement terms include granting the Biotectix, LLC the right to use the material for the above-referenced purpose. Biotectix, LLC may not provide the material to any third party and will provide all the data, technology, information and results to Michigan. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interest of Professor David Martin arises from his ownership interest in Biotectix, LLC.

Patent License Agreement between the University of Michigan and Seventh Sense Biosystems, Inc. (formerly known as Uptech, Inc. and LS13, Inc.)

The Regents approved a patent license agreement with Seventh Sense Biosystems, Inc. (formerly known as Uptech, Inc. and LS13, Inc.) (“company”), for licensing of the following technology from the University: UM File No. 2932, “Biphasic Nanoparticles;” UM File No. 3335, “Multi-Phasic Colorants as Functional Elements in Paints, Coatings, Plastics or Displays;” UM File No. 3452, “Multi-Phasic Bioadhesive Nano-Objects as Biofunctional Elements in Drug Delivery Systems;” UM File No. 3778, “Multi-Phasic Capsules;” and UM File No. 3831, “Biphasic Biodegradable Microparticles with Controlled Shapes.” Because Joerg Lahann, 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 Regents of the University of Michigan and Seventh Sense Biosystems, Inc.

2. License terms include giving the company an exclusive license with the right to grant sublicenses. The company will pay for ongoing patent expenses, perform technical diligence, pay royalties on sales and provide equity in the company to the University. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interest of Joerg Lahann arises from his ownership interest in Seventh Sense Biosystems, Inc.

Research Agreement between the University of Michigan and Li, Fischer, Lepech & Associates

The Regents approved a research agreement with Li, Fischer, Lepech & Associates (“LFL”) which will enable LFL to fund a project in the Department of Civil and Environmental Engineering. Because Victor C. Li, a University of Michigan employee, is also founder/owner of LFL and will be co-investigator on the project, 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 Li, Fischer, Lepech & Associates.
2. The terms of the agreement conform to University policy regarding publication and intellectual property. The period of performance for the project will be four (4) years and the amount of funding support from MIST will be \$5,866,847. The University will cost-share \$5,271,005 in a combination of direct and indirect costs. The other joint venture members will also contribute cost-sharing. University procedures for approval of any changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interest of Victor C. Li arises from his status as found/owner of LFL.

New Undergraduate Degree Program in the School of Art and Design

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved a new undergraduate degree program, “Bachelor of Arts in Art and Design,” to be offered by the School of Art and Design.

Public Comments

The Regents heard comments from Jim Mogensen, citizen, on the topic of transportation, public relations, and the University.

There being no further business, the meeting was adjourned at 4:05 p.m. The next meeting is scheduled for February 19, 2009.