

DECEMBER MEETING, 2012

*The University of Michigan
Ann Arbor
December 13, 2012*

The regents convened at 4:00 p.m. in the Anderson Room, Michigan Union. Present were President Coleman and Regents Darlow, Deitch, Ilitch, Maynard, Newman, Richner, Taylor, and White. Also present were Vice President and Secretary Churchill, Vice President Forrest, Provost Hanlon, Vice President Harper, 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.

Call to Order and President's Opening Remarks

President Coleman congratulated several individuals who are in transition and have made significant contributions to the University. She announced that Provost Phil Hanlon has been named president of Dartmouth College, and that Dartmouth will be in the hands of an exceptional leader and teacher when Provost Hanlon assumes his new responsibilities in the spring. President Coleman thanked Debra Kowich, who has served as an outstanding interim vice president and general counsel for the past seven months.

She noted this is the last meeting for Regents Olivia Maynard and S. Martin Taylor, concluding 32 years of combined service to the University. Regents Maynard and Taylor were members of the board that invited President Coleman to lead the University of Michigan, and she thanked them for their support and counsel.

Regent Darlow read the following Resolution, and presented it to Regent Maynard:

Regents' Resolution

The Regents of the University of Michigan extend heartfelt appreciation and warmest personal regards to Olivia P. Maynard, as she concludes sixteen years of exemplary service on the Board of Regents.

A loyal alumna of the School of Social Work and former director of the Michigan Office of Services to the Aging, Regent Maynard is currently president of the Michigan Prospect, a non-profit public policy institute. She is a trustee of the C.S. Mott Foundation, and is a board member of the Nature Conservancy of Michigan, the McLaren Regional Medical Center, and several foundations.

Throughout her tenure, Regent Maynard has demonstrated her strong support for the University's affirmative action efforts, women's and gender equity issues, and initiatives to increase the diversity of students and faculty. Together with her husband, Olof Karlstrom, Regent Maynard established a generous endowment in the School of Social Work aimed at improving social justice and alleviating poverty and social inequality, and they have provided additional support to the School of Education, the Law School, and the College of LS&A. As a resident of the greater Flint community and a regular presence on the Flint campus, Regent Maynard believes strongly in the value that the regional campuses add to the University as a whole and to the communities where they reside.

The regents commend Regent Maynard for her consistent advocacy of and commitment to the values she holds dear, her generous financial support for the University, and her warm and welcoming presence on the board. It is with great respect and gratitude that we name Olivia P. Maynard Regent Emerita of the University of Michigan.

Regent Deitch read the following Resolution, and presented it to Regent Taylor:

Regents' Resolution

The Regents of the University of Michigan extend heartfelt gratitude and appreciation to S. Martin Taylor, as he concludes sixteen years of distinguished service as a member of the Board of Regents.

Regent Taylor's wide-ranging career includes service as director of the Michigan Employment Security Commission, director of the Michigan Department of Labor, executive vice president of DTE Energy Company, and interim president of Detroit Renaissance. He has also held leadership positions in numerous civic and non-profit organizations in the greater Detroit area. This rich combination of executive experience in the business, civic, and public sectors has been an invaluable asset to the board and the University during his tenure.

As chair of the Regents' Personnel, Compensation and Governance Committee, Regent Taylor established best practices and procedures that will guide the committee's work well into the future. His stalwart commitment to the issues he values, including diversity in all of its forms, the safety of every member of the University community, the importance of intercollegiate athletics, and maintaining

the excellence of our academic enterprise, will be a lasting part of his legacy. Regent Taylor's inimitable style — pithy, succinct, and to the point — will be missed.

The Regents commend Regent Taylor for his generous service, loyalty, and commitment to the University. It is with ongoing gratitude and the highest regard for his many contributions that we name S. Martin Taylor Regent Emeritus of the University of Michigan.

Regent Deitch acknowledged Nancy Asin, assistant secretary of the university, who is retiring after 36 years of service on December 31, 2012.

President Coleman extended congratulations to the students who will be concluding their Michigan career at commencement on Sunday, and noted that the speaker will be Dr. Raynard Kington, president of Grinnell College.

President Coleman introduced Rick Boothman, chief risk officer, and Dr. Skip Campbell, chief medical officer, both from the Health System, for a presentation on medical malpractice, accountability, and patient safety.

Presentation: “Risk Management Strategies”

Mr. Boothman's presentation focused on patient injuries from unanticipated and unintended medical errors. A recent transition to *The Michigan Model* focuses on improved communication with the patient and the family, and has significantly improved patient safety and reduced claims.

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, and Regent Richner met with CFO Tim Slottow for an evaluation of external auditors. They were joined by Associate Vice President for Finance, Rowan Miranda and Cheryl Soper, university controller. Two firms were interviewed as potential external

auditors. The committee also reviewed the bi-monthly internal audit update with Executive Director of University Audits, Jeff Moelich, and reviewed the annual lease portfolio with Hank Baier, associate vice president for facilities and operations, and Mary Kransy, director of the real estate office.

Health Affairs Committee. Regent Darlow, chair of the Health Affairs Committee, reported that she and Regents Deitch and Maynard met with President Coleman, Executive Vice President Pescovitz, Dean Woolliscroft, UMHHC CEO Doug Strong, and Health System CFO Paul Castillo. The committee reviewed the HHCEB board meeting materials, and were pleased to learn of the recent *Leap Frog* rating as one of the country's top hospitals for the third year in a row. This designation, combined with the *US News and World Report* recognition, makes the University of Michigan Health System one of only five academic medical centers in the country to achieve such honors. The committee received an update of the health systems finances and an internal audit update from Mr. Moelich, executive director of internal audits. They also heard a presentation by Ed Karls, director of customer performance metrics, and Josie Aguirre, director of physician and consumer communications, on the most recent Referring Physician Satisfaction Report, which continues to show strong scores. The committee received a report, *UMHS Global Focus on Health*, which highlights internal activity focusing on education research and clinical care. It was noted the University has agreements with 29 institutions in 21 countries.

Personnel, Compensation and Governance Committee. Regent Ilitch, chair of the Personnel, Compensation and Governance Committee, met with Regents Newman and Taylor.

Provost Hanlon provided the committee with an update on dean and director searches. Chancellor Little provided an update on the Dearborn campus and Chancellor Person provided an update on the Flint campus. The committee also reviewed the 2013 committee calendar.

Provost Hanlon also provided an update on the Ford School, and noted that Dean Susan Collins has been appointed to the board of directors of the Detroit Branch of the Federal Reserve Bank of Chicago. Laurita Thomas, associate vice president for human resources, provided the annual salary report, and discussed policies on background checks for employees.

President Coleman then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of November 15, 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 – November 30, 2012.

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

Division of Student Affairs. Vice President Harper noted that with the approval of the Martha Cook building fire suppression system, all residence hall fire suppression projects will have been completed.

University of Michigan-Flint. Chancellor Person reported that the Flint Campus recently graduated 348 students, honored Regent Maynard for her service, and presented an honorary degree to jazz musician Dee Dee Bridgewater.

University of Michigan-Dearborn. Chancellor Little reported that the Dearborn Campus will graduate 636 students, including their first Ph.D. in mechanical engineering.

Commencement speaker is Carol Goss, president and CEO of The Skillman Foundation, which also will receive the distinguished leadership award. Chancellor Little also noted the request to name the College of Education, Health, and Human Services in the agenda.

Central Student Government Report. There was no additional report.

Voluntary Support. Vice President May submitted the report of voluntary support for November 30, 2012.

Personnel Actions/Personnel Reports. Provost Hanlon submitted a number of personnel actions and personnel reports. He spoke to the reappointment of Laura Lein, dean, School of Social Work. Dean Lein has contributed to building one of the nation's top schools of social work. President Coleman commented on the reappointment of Jerry May, whom she credits with leading the best development department in the country. She also spoke to the reappointment of David Canter, associate vice president and executive director of the North Campus Research Complex, crediting his leadership in the significant effort at NCRC.

Retirement Memoirs. Vice President Churchill submitted 17 faculty retirement memoirs.

Memorials. Vice President Churchill submitted memorials for two faculty members: **Alan J. Hunt**, Ph.D., professor of biomedical engineering who died on October 28, 2012, and **Omry Ronen**, Ph.D., professor of Slavic languages and literatures who died on November 1, 2012.

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

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

University Real Estate Policy

Executive Vice President Slottow presented the Annual Report on Leases Exceeding 50,000 Square Feet.

Alternative Asset Commitments

Executive Vice President Slottow reported on the University's follow-on investments with the previously approved investment managers: venture capital partnership Telegraph Hill Partners III, L.P., real estate partnerships Acadia Strategic Opportunity Fund IV, LLC, and Green Courte Partners/The Parking Spot.

Approval of the Huron Fund IV, L.P.

On a motion by Regent Richner, seconded by Regent White, the Regents approved a commitment of \$15 million from the Long Term Portfolio to The Huron Fund IV, L.P.

631 Oxford Road, Ann Arbor, Michigan

On a motion by Regent Darlow, seconded by Regent Maynard, the regents unanimously approved the sale of property located at 631 Oxford Road, Ann Arbor, Michigan.

545 South Division Street Ann, Arbor, Michigan

On a motion by Regent Ilitch, seconded by Regent Newman, the regents unanimously approved the purchase of the property at 545 South Division Street, Ann Arbor, Michigan.

549 and 551 South Division Street, Ann Arbor, Michigan

On a motion by Regent Richner, seconded by Regent Darlow, the regents unanimously approved the purchase of the property at 549 and 551 South Division Street, Ann Arbor, Michigan.

Martha Cook Building Fire Suppression System Installation

On a motion by Regent Ilitch, seconded by Regent Richner, the regents unanimously approved the Martha Cook Building Fire Suppression System Installation project as described and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Central Power Plant Feed Water System Deaerator Upgrade

On a motion by Regent Maynard, seconded by Regent Darlow, the regents unanimously approved the Central Power Plant Feed Water System Deaerator Upgrade project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Mason Hall Angell Hall Courtyard Computing Site and Classroom Renovation

On a motion by Regent Newman, seconded by Regent Richner, the regents unanimously approved the Mason Hall Angell Hall Courtyard Computing Site and Classroom Renovation project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

North Campus Research Complex Building 22 Electron Microbeam Analysis Laboratory Renovation

On a motion by Regent White, seconded by Regent Taylor, the regents unanimously approved the North Campus Research Complex Building 22 Electron Microbeam Analysis Laboratory Renovation project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Glenn E. Schembechler Hall Entrance and Museum Renovation

On a motion by Regent Newman, seconded by Regent Richner, the regents unanimously authorized issuing the Glenn E. Schembechler Hall Entrance and Museum Renovation project for bids and awarding construction contracts providing that bids are within the approved budget.

Regional Chiller Plant for South and West Quadrangles and the Michigan Union

On a motion by Regent Richner, seconded by Regent White, the regents unanimously approved the Regional Chiller Plant for South and West Quadrangles and the Michigan Union project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Wall Street East Parking Structure

On a motion by Regent White, seconded by Regent Taylor, the regents unanimously authorized issuing the Wall Street East Parking Structure project for bids and awarding construction contracts providing the bids are within the approved budget.

Conflict of Interest Items

President Coleman said the agenda includes four 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 Newman, seconded by Regent Darlow, the regents unanimously approved the following four items:

Authorization for the University of Michigan to Enter into a Sub-Lease Agreement with JV Biolabs, LLC

The regents unanimously approved a Sub-Lease agreement with JV Biolabs, LLC (the “Company”) for 439 square feet of property located at 2900 Huron Parkway, Ann Arbor, Michigan.

Because Professors Kent Johnson and James Varani, 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 JV Biolabs, LLC.
2. The agreement is for a sub-lease of 439 square feet in a building at 2900 Huron Parkway, Ann Arbor, Michigan for one year beginning August 1, 2012, through July 31, 2013, at a monthly rate of \$1,942.50. The sub-lease can be renewed for an additional one-year term upon mutual agreement. Tenant will be responsible for its prorated portion of the operating expenses of the building which is included in the monthly rent.
3. The pecuniary interest arises from the fact that University of Michigan employees Kent Johnson and James Varani are also partial owner of JV Biolabs, LLC.

Authorization for the University to Contract with Avicenna Medical Systems

The regents unanimously approved a contract with Avicenna Medical Systems, (the “Company”) to purchase a license for Avitracks, a chronic disease management software that provides increased patient safety and workflow efficiencies currently not available in the hospital’s electronic medical records.

Because Frank Pelosi, Erdwing Coronado, and Khaled El-Safty, University of Michigan employees, are also 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, its Health System’s Department of Dermatology, and Avicenna Medical Systems.
2. The agreement is to purchase a license for Avitracks, a management software that provides increased patient safety and workflow efficiencies currently not available in the hospital’s electronic medical records. The contract period is from June, 2012 to June, 2015. The Department of Dermatology will be purchasing access on a six month basis with option for renewal at the end of each six month period for a potential total cost of \$18,000.

3. The pecuniary interest arises from the fact that University of Michigan employees Frank Pelosi, Erdwing Coronado and Khaled El-Safty, are owners of Avicenna.

License Agreement between the University of Michigan and Echo360, Inc.

The Regents unanimously approved an agreement with Echo360, Inc. (the “Company”) to obtain a license from the University of Michigan to the University’s rights associated with the following technology: UM File No. 3536, entitled: Web-based Interactive Classroom System: LectureTools.

Because Professor Perry Samson, 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 Echo360, Inc.
2. Agreement terms include granting the Company an exclusive license to the software, including the rights to create derivatives. The University will retain ownership of the 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. Samson arise from his ownership interest in Echo360, Inc.

Master Agreement between the University of Michigan and Vortex Hydro Energy, LLC

The Regents unanimously approved a Master Agreement with Vortex Hydro Energy, LLC (the “Company”) to have the University participate in various projects that the Company will support and desires to use facilities of the University for projects related to research and development of technologies to the Company by the University.

Because Professor Michael Bernitsas, a University of Michigan employee, is an 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 Vortex Hydro Energy, LLC.
2. The University will enter into a Master Agreement with the Company that 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 Two Million Dollars. The University will use standard sponsored project accounting procedures to determine the cost of each project under this Master Agreement. 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 review by the OVPR Conflict of Interest Review Committee will be done on a project-by-project basis.
3. The pecuniary interest of Dr. Bernitsas arises from his ownership interest in Vortex Hydro Energy, LLC.

FY 2014 response to the Budget Development Letter from the Michigan State Budget Office

Provost Hanlon stated that this year the state budget office did not ask for an annual budget request. Instead, universities were asked to respond to an assessment of the current year's performance funding metrics, and suggestions for modification that could be considered in the development of the state's fiscal 2014 budget recommendation. President Coleman submitted a letter on behalf of the Ann Arbor Campus, and Chancellors Little and Person submitted letters on behalf of the Dearborn and Flint Campuses, respectively.

Renaming University of Michigan-Dearborn School of Education

On a motion by Regent Maynard, seconded by Regent White, the regents unanimously approved the University of Michigan-Dearborn School of Education name change to the College of Education, Health, and Human Services, effective September 1, 2013.

Public Comments

Regents heard comments from the following individuals on the topics listed:

C.W. Kauffman, citizen, on academic excellence; Hollis Smith, citizen, on police vehicles; Joseph Varilone, student, on social responsibility at the university; Caroline Canning, student, on Student Life facilities; Curdit Suri, student, on in-state tuition for the children of undocumented immigrants; Neli Merari Whatley, citizen, on HEI investments; Maria Cotera, faculty, on the Coalition for Tuition Equality; Xochitl Cossyleon, citizen, on tuition equality; and Yasmine Bey, Student, on HEI investments.

Adjournment

There being no further business, meeting was adjourned at 6:05 p.m. The next meeting will take place February 21, 2013.