

FEBRUARY MEETING, 2009

*The University of Michigan
Ann Arbor
February 19, 2009*

The Regents convened at 3:00 p.m. in the Regents' Room. Present were President Coleman and Regents Darlow, Deitch, Ilitch, 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, Executive Vice President Slottow, and Provost Sullivan. Regent Maynard and Regent Taylor were absent; Regent Newman participated by telephone.

Call to Order and President's Opening Remarks

President Coleman called the meeting to order. She noted that *Forbes* Magazine had recently recognized the city of Ann Arbor as the best town in America for college sports and for its other cultural amenities. She called attention to the 25th anniversary celebration of the Department of Musical Theatre on March 21, and announced that Associate Professor Amy Stillman had received a Grammy Award for her work on the Hawaiian music album, "Ikena."

President Coleman noted that the University of Michigan Health System makes numerous contributions to the region and the state, and called on Mr. Doug Strong, director and chief executive officer of the University of Michigan Hospitals and Health Centers.

Report: Community Benefit Provided by the University of Michigan Health System

Mr. Strong gave a presentation describing the range of benefits provided to the community by the University of Michigan Health System. He noted that a commitment to "improv[ing] the health of patients, population and communities" is spelled out in the health

system's mission statement, and "partnering with the community to improve the health of the population" is one of the stated goals and objectives of the Hospitals and Health Centers.

Mr. Strong reported that the health system brings more than \$340 million of federal research funding annually to the Michigan economy and provides high quality care to more than 300,000 patients per year. More than one-third of the physicians it trains remain in Michigan to practice. Through uncompensated direct patient care (\$170 million), community health programs and services (\$11 million), and research costs in excess of funding (\$142 million), the UMHS contributed a total community benefit of \$323 million in FY 2008. He reported that in conjunction with the St. Joseph Mercy Health System, the Washtenaw County government, and other county agencies, the UMHS has helped to develop a Washtenaw County Health Improvement Plan which includes 52 objectives to be achieved by 2020. He pointed out that the UMHS participates in the Washtenaw County Health Plan, whose mission is to expand access to health care and improve the health of uninsured county residents, and the Washtenaw Community Health Organization, whose mission is to develop and implement integrated mental health, substance abuse, and physical healthcare for Medicaid and indigent consumers in the county. The Health System also participates in other community programs, including the Housing Bureau for Seniors, Meals on Wheels, projects that serve children in public schools throughout the county, as well as donated health care services provided at various non-profit clinics. He concluded by observing that health care needs for the underinsured and uninsured are growing and that the UMHS has significantly expanded its commitment to community benefit in recent years.

President Coleman then turned to the consent agenda.

Committee Reports

Finance, Audit and Investment Committee. Regent White, chair of the Finance, Audit and Investment Committee, reported that attendees had included Regents Darlow, Deitch, Ilitch, Richner, and Taylor, President Coleman, and Executive Vice President Slottow. The agenda included the bimonthly audit update from Carol Senneff, executive director of University audits, and a review of the Hospitals and Health Centers 10-year strategic capital plan update with Executive Vice President for Medical Affairs Robert Kelch, Hospitals and Health Centers (HHC) director and CEO Doug Strong, and HHC chief financial officer Dave Morlock. The final agenda item was a preliminary review, with Provost Sullivan and Assistant Vice Provost Anne Berens, of the General Fund overview and outlook.

Personnel, Compensation and Governance Committee. Regent Darlow, chair of the Personnel, Compensation and Governance Committee, stated that while the committee had not met that day, it had the following report:

“The committee has reviewed a set of proposed “housekeeping” amendments to the Regents’ Bylaws. Ten bylaws are affected, including Bylaw 14.06, ‘Non-discrimination and Affirmative Action.’ The revisions will update the definitions of protected classes to make them consistent with current law and are supported by the Office of Institutional Equity and the executive officers. The proposed revisions will be posted in the University Record on March 2, 2009. Members of the University community are welcome to send their comments via email to publiccomments@umich.edu or to address the board during the public comments portion of the March 19th regents’ meeting. The comments will then be taken into consideration, and the proposed bylaws will be submitted for regental approval at the April 16, 2009, regents’ meeting.”

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of January 22, 2009.

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

Litigation Report. Vice President Scarnecchia submitted the Litigation Report. She noted that the new case listed in this report has since been dismissed.

Research Report. Vice President Forrest submitted the Report of Projects Established, January 1 – January 31, 2009.

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-Flint. Chancellor Person reported on the progress of executive searches on campus.

University of Michigan-Dearborn. Chancellor Little highlighted the proposal for establishment of a new “Doctorate of Education” degree program submitted for approval this month.

Michigan Student Assembly Report. Ms. Sabrina Shingwani, president of MSA, updated the Regents on current projects and initiatives underway in MSA. She reported that MSA is increasing its budget allocation for student organization funding due to increasing demand, and that students are concerned about the impact of the economy on financial aid and tuition and are also concerned about issues of sustainability on campus.

Voluntary Support. Vice President May submitted the report of voluntary support for January 2009.

Sustainability initiatives. Executive Vice President Slottow commented on the University’s environmental initiatives, noting that the University has recently adopted the 2007 energy efficiency standards for buildings, which are more stringent than the 1998-99 standards

being used by the state. He announced that the University is setting a goal over the next year to achieve 30% additional energy efficiency improvements over the 2007 building standards. He also announced that he plans to seek funding to establish a sustainability office to assist with coordination of sustainability efforts, establish a stronger leadership presence, and to set goals and standards for sustainability operations on campus.

Vice President Forrest commented that environmental sustainability has also become a focus of the Office of the Vice President for Research, and that it is working with the EVPCFO's office to incorporate new developments in energy-saving technology into the broader campus operation.

Personnel Actions/Personnel Reports. Provost Sullivan submitted a number of personnel actions and personnel reports. She called attention to the recommended appointments of five faculty members as Arthur F. Thurnau Professors.

Regent Deitch commented on the recommended appointment of W. Joseph McCune as the Michael H. and Marcia S. Klein Professor of Rheumatic Diseases, noting that Dr. McCune is a fantastic physician and that his personal friendship with both Dr. McCune and Michael and Marcia Klein led to their being introduced.

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

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

Degrees. Provost Sullivan submitted for approval final degree lists for the December 2008 commencements and changes to previously approved degree lists.

Approval of Consent Agenda. On a motion by Regent White, seconded by Regent Darlow, the Regents unanimously approved the consent agenda. Regent Newman participated in this and all remaining votes by telephone.

Reports on Federal Awards Pursuant to Federal Office of Management and Budget (OMB) Circular A-133

Executive Vice President Slottow submitted the Reports on Federal Awards Pursuant to Federal Office of Management and Budget (OMB) Circular A-133.

Alternative Asset Commitments

Executive Vice President Slottow reported that follow-on investments have been made with the following previously-approved partnerships: \$20 million to MAP 2009, L.P., and \$25 million to Yorktown Energy Partners VIII, L.P.

State Building Authority Financing of Phoenix Laboratory in Ann Arbor Campus

On a motion by Regent White, seconded by Regent Darlow, the Regents unanimously approved State Building Authority financing for the Phoenix Laboratory, approved the resolution authorizing this financing, and authorized the appropriate officers to: 1) on or prior to the SBA's issuance of commercial paper notes, execute the construction and completion assurance agreement and bill of sale; 2) at or near completion of the project and prior to the issuance of the SBA's bonds, execute the respective lease, convey title to the property, and execute any necessary easement agreements required for the financing of the project; and 3) execute any other documentation required for the financing of the project by the SBA. The Resolution can be found in the Appendix, on page X. (Include Resolution in the Appendix in Proceedings.)

East Quadrangle Residential College Auditorium Renewal

On a motion by Regent White, seconded by Regent Newman, the Regents unanimously approved the East Quadrangle Residential College Auditorium Renewal Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Environmental and Water Resources Engineering Building Research Laboratories for Civil and Environmental Engineering

On a motion by Regent White, seconded by Regent Richner, the Regents unanimously approved the Environmental and Water Resources Engineering Building Research Laboratories for Civil and Environmental Engineering Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Central Campus Area 2009 Utility Tunnel and Piping Replacement

On a motion by Regent Richner, seconded by Regent White, the Regents unanimously approved the Central Campus Area 2009 Utility Tunnel and Piping Replacement 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 University Hospital Process Chilled Water Expansion and New Cooling Tower

On a motion by Regent Darlow, seconded by Regent Ilitch, the Regents unanimously approved the University of Michigan Hospitals and Health Centers University Hospital Process Chilled Water Expansion and New Cooling Tower Project as described, authorized commissioning the architectural firm of Integrated Design Solutions, LLC for its design, 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 announced that the agenda includes 7 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, all six regents present, including Regent Newman participating via telephone, unanimously approved the following agreements:

Subcontract Agreement between the University of Michigan and Nico Technologies Corporation

The Regents approved a subcontract agreement with Nico Technologies Corporation (“Company”) that will allow the Company to fund a project in the College of Engineering. Because Nicholas Kotov, a University of Michigan employee, is also a partial owner and member of the board of directors 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. The parties to the contract are the University of Michigan and Nico Technologies Corporation.
2. The terms of the agreement conform to University policy. The period of performance for the project is nine (9) months and the amount of funding support is \$37,740. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. Nicholas Kotov’s pecuniary interest arises from his status as partial owner and member of the board of directors of Nico Technologies Corporation.

Material Transfer Agreement between the University of Michigan and Hygieia, Inc.

The Regents approved a material transfer agreement with Hygieia, Inc., a company formed to commercialize technology related to providing automated feedback on glucose levels in diabetic patients. The agreement will enable Hygieia to receive de-identified information from patient log sheets regarding patient glucose reading, insulin administration, and medication

dosage from the University of Michigan. Because Israel Hodesh and Eran Bashan, University of Michigan employees, are also partial owners of Hygieia, 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 agreement are the Regents of the University of Michigan and Hygieia, Inc.
2. Agreement terms include granting Hygieia the right to use the materials solely for the purposes of validating and making improvements to Hygieia's algorithm, and for presentation in graph and/or chart format to third parties ("Purpose"). 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 Israel Hodish and Eran Bashan arise from their ownership interest in Hygieia, Inc.

License Agreement between the University of Michigan and Ablation Frontiers, Inc.

The Regents approved a license agreement with Ablation Frontiers, Inc., to license the University's rights associated with the technology "Real Time, Multi-channel, Multi-Site Analysis of Cardiac Electrograms in the Time- and Frequency-Domains" (UM OTT File No. 3958). Because Dr. Hakan Oral, University of Michigan employee, is also partial owner of Ablation Frontiers, Inc. ("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 Ablation Frontiers, Inc.
2. Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay a license fee. 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 Dr. Oral arise from his ownership interest in Ablation Frontiers, Inc.

Royalty-Sharing Agreement between the University of Michigan and Antonia Villarruel

The Regents approved a royalty-sharing agreement with Antonia Villarruel that allows the University to further develop and license a copyrighted curriculum entitled “¡Cuidate! – A Culturally-based Program to Reduce HIV Sexual Risk Behavior Among Latino Youth – Facilitator’s Curriculum” (“Curriculum”). Because Antonia Villarruel is both a partial owner of the Curriculum and a University of Michigan employee, 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 Antonia Villarruel.
2. Agreement terms include sharing royalty revenues directly with Dr. Villarruel. The University will retain non-exclusive research use rights and the rights to make derivatives. 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 Dr. Villarruel arise from his ownership interest in the Curriculum.

Amendment to License Agreement between the University of Michigan and Accord Biomaterials, LLC

The Regents approved an amendment to a license agreement with Accord Biomaterials, LLC, a wholly owned subsidiary of MC3 Biomaterials, to license the following technology from the University: UM File No. 4174, Provisional Patent Application 61/090,197, entitled “Novel Manufacturing Techniques for Creating Nitric Oxide Surfaces.” Because Robert Bartlett, a University of Michigan employee, is also a partial owner of MC3 Biomaterials, 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 Accord Biomaterials, LLC.
2. License terms include giving Accord Biomaterials, LLC, an exclusive license with the right to grant sublicenses to the added technology. Accord Biomaterials, LLC will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interests of Dr. Robert Bartlett arise from his ownership interest in MC3. For this specific file (4174), Dr. Bartlett is not an inventor and will not be considered for any share of revenue received by the University.

Material Transfer Agreement between the University of Michigan and Armune BioScience, Inc.

The Regents approved a material transfer agreement with Armune BioScience, Inc. (“Armune”), allowing Armune to obtain certain materials from the University to perform serum autoantibody quantification using bead technology for the further development and commercialization of the licensed technology. Because David Beer, Arul Chinnaiyan, and Gilbert Omenn, University of Michigan employees, are partial owners of Armune, and Xiaoju Wang, a University of Michigan employee, owns stock options in and is a consultant to Armune, 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 Armune BioScience, Inc.
2. Agreement terms include granting Armune rights to use the materials for the above-referenced purpose. 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 interest of Drs. Beer, Omenn, Wang, and Chinnaiyan arise from their ownership interest in Armune.

Material Transfer Agreement between the University of Michigan and Armune BioScience, Inc.

The Regents approved an option agreement with Armune BioScience, Inc. (“Armune”), giving Armune an option to the following additional technologies: UM OTT File No. 2146, “Expression Profile of Prostate Cancer;” UM OTT File No. 2722, “Proteomic Alterations in Prostate and Breast Cancer Progression;” UM OTT File No. 3557, “Prognostic Markers for Cancer;” UM OTT File No. 3806, “Tissue Biomarkers of Prostate Cancer;” and UM OTT File No. 3947, “Downstream Target of EZH2.” Because David Beer, Arul Chinnaiyan, and Gilbert Omenn, University of Michigan employees, are partial owners of Armune, and Xiaoju Wang, a University of Michigan employee, owns stock options in and is a consultant to Armune, 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 Armune BioScience, Inc.
2. Agreement terms include granting Armune an exclusive option to obtain a license to the patent rights with the right to grant sublicenses. Armune will pay an option fee and certain patent costs during the term of the option agreement. 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. The pecuniary interest of Drs. Beer, Omenn, Want, and Chinnaiyan arise from their ownership interest in Armune.

Approval for the Granting of Tenure by the Medical School to Faculty in the Center for Computational Medicine and Bioinformatics

On a motion by Regent White, seconded by Regent Ilitch, the Regents unanimously approved a recommendation that the faculty appointed in the Center for Computational Medicine and Bioinformatics on the instructional (tenure) track, be eligible for tenure in the University of Michigan Medical School under the aegis of the dean of the Medical School.

New Degree Program for the School of Education, University of Michigan-Dearborn

On a motion by Regent White, seconded by Regent Richner, the Regents unanimously approved establishment of a new degree program, “Doctorate in Education Degree,” to be offered by the School of Education, University of Michigan-Dearborn, effective September 1, 2009.

Change in Name of the Department of Computer Science, Engineering Science, and Physics at the University of Michigan-Flint

On a motion by Regent White, seconded by Regent Richner, the Regents unanimously approved changing the name of the Department of Computer Science, Engineering Science, and Physics at the University of Michigan-Flint to the Department of Computer Science, Engineering, and Physics, effective January 1, 2009.

Public Comments

The Regents heard comments from the following individuals, on the topics indicated: Merry Walker, Greg Buzzell, and Aaron James, students, on the Student Sustainability Initiative; Kate Barut and Laura Misumi, students, on University investment in HEI hotels and resorts; Glen Ford, staff, on ongoing employee harassment by union leadership; and Derek Blumke and Carl Ireland, students representing the Student Veterans of America, on veterans issues in higher education and at the University of Michigan.

There being no further business, the meeting was adjourned at 4:20 p.m. The next meeting is scheduled for March 19, 2009.