

Approved by the Regents
April 21, 2011

MARCH MEETING, 2011

The University of Michigan
Ann Arbor
March 17, 2011

The regents convened at 2:00 p.m. at the Westin Book Cadillac Hotel in Detroit. Present were President Coleman and Regents Darlow, Deitch, Ilitch, Maynard, Newman, Richner, and Taylor. Also present were Vice President and Secretary Churchill, Vice President Forrest, Vice President Harper, Provost Hanlon, Vice President Lampe, Chancellor Little, Vice President May, Chancellor Person, Executive Vice President Pescovitz, Vice President Scarnecchia, Executive Vice President Slottow, and Vice President Wilbanks. Regent White participated in the meeting by telephone.

Call to Order and President's Opening Remarks

President Coleman called the meeting to order, noting how pleased the board was to be meeting in Detroit. She recognized Detroit City Councilwoman Saunteel Jenkins, who presented the University with a resolution from the Detroit City Council in honor of the Semester in Detroit program. A round of applause followed.

President Coleman noted that in keeping with the University's tradition of inviting newly elected governors to address graduates at commencement, Governor Rick Snyder is being recommended for approval to receive an honorary degree at the 2011 Spring Commencement. He would also deliver the commencement address. President Coleman commented on the gift from Charles Munger for renovation of the Lawyers Club housing complex and proposed naming of the complex in his honor. She also announced the upcoming community open house for North Quad.

President Coleman congratulated Regent Ilitch, who along with her mother, Marian Ilitch, is receiving the Trillium Lifetime Achievement Award from the Michigan Women's Foundation. She concluded by noting that the men's basketball team, the wrestling team, the men's and women's swimming and diving teams, and the hockey team are competing in championship tournaments, and she sent best wishes for success.

Presentation: Semester in Detroit

President Coleman introduced Professor Charles Bright, faculty co-director of the Semester in Detroit program. Professor Bright reviewed the history of the Semester in Detroit program. Larissa Carr, a sophomore and current participant in the program, and Patrick Morris, an alumnus of the program, described their work with the Semester in Detroit and its value to their education at the University of Michigan.

Presentation: The Healthy Environments Partnership: Promoting Cardiovascular Health in Detroit

Amy Shulz, associate professor of health behavior and education, School of Public Health, and Angela Reyes, executive director of the Detroit Hispanic Development Corporation, described collaborative programs underway within the City of Detroit aimed at improving the health of its residents.

Presentation: Revitalization and Business: Detroit Impact

Neesha Modi, a graduate student pursuing a dual master's degree in the David M. Ross School of Business and the School of Natural Resources and Environment, and David McCarty, an MBA student in the David M. Ross School of Business, gave a presentation on a student initiative, "Revitalization and Business: Focus Detroit," which seeks to shift perceptions about

Detroit among students so that they view the city as an exciting place to build a career and have an impact, thereby helping to fuel the city's revitalization.

Public Comments on Agenda-Related Topics

The regents heard comments from Zachary Goldsmith, Andrea Ronquist, and Richard Durance, students, expressing their opposition to the selection of Governor Rick Snyder as speaker at the April 2011 commencement:

Regent Deitch pointed out that President Obama spoke at last year's commencement, despite the fact that many of the people in attendance probably hadn't voted for him, and the same will most likely hold true when Governor Rick Snyder speaks at the 2011 Spring Commencement. He said that inviting the governor, an enthusiastic alumnus who holds three University of Michigan degrees, to speak at commencement is a long-standing University of Michigan tradition, to be maintained whether or not one agrees with all of the governor's political positions. Universities serve as a market place of ideas and exemplars of free speech and academic freedom, where protests and pickets are also welcome. Regents Richner, Newman, and Maynard thanked the students for voicing their opinions, and expressed agreement with Regent Deitch's comments.

Committee Reports

Finance, Audit and Investment Committee. Regent White, chair of the Finance, Audit and Investment Committee, reported that the committee, consisting of herself, Regent Maynard, and Regent Taylor, had met that morning with Executive Vice President Slottow. Present were Associate Vice President Rowan Miranda, University Treasurer Greg Tewksbury, Controller Cheryl Soper, Director of University Audits Carol Senneff, and the University's external auditors

from PricewaterhouseCoopers. The first agenda item was a financial and operational review of Veritas, the University's wholly-owned insurance company, led by Paul Moggach, director of risk management. The second agenda item was a review of the FY 2010 A-133 audit, follow up on prior years' audit comments and observations, and review of the FY 2011 audit plan and contract.

Personnel, Compensation and Governance Committee. Regent Richner, chair of the Personnel, Compensation and Governance Committee, reported that the committee, consisting of himself and Regent Ilitch, had reviewed proposed bylaw revisions with Vice President Churchill, considered the president's annual evaluation, received an update from Provost Hanlon on dean searches and reviews, received a report from Dean Zernicke about the School of Kinesiology, and joined the Health Affairs Committee for a report on health system personnel issues.

Health Affairs Committee. Regent Deitch reported that he and Regents Darlow and Newman had met with Executive Vice President Pescovitz and senior members of the Health System and Medical School leadership team, first regarding patient satisfaction issues and then for a discussion of senior executive personnel matters, for which they were joined by the Personnel, Compensation and Governance Committee.

President Coleman then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of February 17, 2011.

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

Litigation Report. Vice President Scarnecchia submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Awards Established, July 1 – February 31, 2011. He noted that a request is before the regents to approve the sixth business that is to become a tenant of the faculty start-up accelerator at the North Campus Research Complex.

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

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

University of Michigan-Flint. Chancellor Person reported that the Intercultural Leadership Seminar, which started on the Ann Arbor campus, and has been extended to the Flint campus, and for those who participated in the first seminar, it was a life-changing experience.

University of Michigan-Dearborn. Chancellor Little noted that Dearborn faculty, staff, and students are involved in many kinds of activities, both in Detroit itself and in the larger metropolitan region. He also commented on the 8th annual Unity and Diversity Dinner, organized by the Muslim Student Association, recently held on the Dearborn campus.

Michigan Student Assembly Report. Mr. Hussein Berry, president of the University of Michigan-Dearborn student government, updated the regents on student government initiatives on the Dearborn campus.

Voluntary Support. Vice President May submitted the Report on Voluntary Support for February 28, 2011.

Personnel Actions/Personnel Reports. Provost Hanlon submitted a number of personnel actions and personnel reports. He highlighted the recommended appointment of Alison Davis-Blake as the Edward J. Frey Dean of Business and professor of management and organizations, with tenure, in the Stephen M. Ross School of Business, effective August 22,

2011, and the request to appoint Francis X. Blouin as director of the Bentley Historical Library for a seventh five-year term.

Retirement Memoirs. Vice President Churchill submitted four retirement memoirs.

Memorials. No deaths of active faculty members were reported this month.

Degrees. President Coleman submitted recommendations for the following individuals to receive honorary degrees at the Spring 2011 commencement: Vernon J. Ehlers, Doctor of Laws; William Clay Ford, Jr., Doctor of Laws; Shelton “Spike” Lee, Doctor of Fine Arts; Eugene Robinson, Doctor of Humane Letters; Stephen M. Ross, Doctor of Laws; and Richard D. Snyder, Doctor of Laws.

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

Report of University Internal Audits, December 2010 through January 2011

Executive Vice President Slottow submitted the report of the Office of University Audits activities for the period December 2010 through January 2011.

Absolute Return Investment

On a motion by Regent White, seconded by Regent Maynard, the regents unanimously approved commitment of \$25 million from the Long Term Portfolio to Protégé Tactical Fund, L.P., and commitment of \$25 million from the Long Term Portfolio for co-investment rights resulting from the commitment to Protégé Tactical.

Sale of Commercial Paper by the University

On a motion by Regent White, seconded by Regent Deitch, the regents unanimously approved the following: a resolution for the issuance of up to \$200 million of commercial paper supported by a pledge of General Revenues (see Appendix); an increase in the commercial paper

outstanding up to \$200 million; authorization for the executive vice president and chief financial officer, associate vice president for finance, or treasurer to execute all the documentation for the establishment and issuance of the Series I, extension of Series E, inclusion of the use of Series E proceeds for the refunding of outstanding debt, and the rollover of the outstanding Series H into the proposed Series I program; and to negotiate a liquidity facility, if appropriate.

Naming of North Lawyers' Club Residence in Honor of Charles T. Munger

Regent Richner thanked Mr. Munger for his generous, transformational, gift. Dean Caminker also commented on Mr. Munger's gift in support of the renovations of the Lawyers' Club and John P. Cook Buildings, noting that it has been a "game changer." He noted that Mr. Munger recognizes that an education is a holistic experience, in which the living environment and social environment for students interacts with the educational environment, and that all are important. In recognizing that the Lawyers' Club has remained largely unchanged since it was built in the 1920s, Dean Caminker said that Mr. Munger's "fantastic gift" will allow the Lawyer's Club to be completely revitalized, and again expressed the Law School's appreciation of Mr. Munger's ongoing support. On a motion by Regent Ilitch, seconded by Regent Richner, the regents unanimously approved formally designating the north Lawyers' Club residences as "The Charles T. Munger Residences in the Lawyers' Club."

The Lawyers' Club Building and John P. Cook Building Renovation

On a motion by Regent Newman, seconded by Regent Richner, the regents unanimously approved The Lawyers' Club Building and John P. Cook Building Renovation Project as described and authorized commissioning Hartman-Cox Architects in association with SmithGroup for its design.

Conflict of Interest Items

President Coleman announced that the agenda includes 3 conflict of interest items, each of which requires 6 votes for approval. On a motion by Regent Newman, seconded by Regent Maynard, the regents unanimously approved the following 3 items:

Lease Agreement and Relationship Agreement between the University of Michigan and Wolverine Energy Solutions and Technology, Inc.

The regents approved a lease agreement with Wolverine Energy Solutions and Technology, Inc. for standard modular lab space in the North Campus Research Complex start-up accelerator space (“NCRC”), and a relationship agreement defining the relationship between the University of Michigan and Wolverine Energy Solutions and Technology, Inc. at NCRC. Because Theodore Goodson III, Stephanie Goodson, Meng Guo, and Oleg Varnavski, University of Michigan employees, are also partial owners of Wolverine Energy Solutions and Technology, Inc., these agreements fall under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the lease agreement and relationship agreement are the Regents of the University of Michigan and Wolverine Energy Solutions and Technology, Inc.
2. The service to be provided is the lease of standard modular laboratory and office space in the North Campus Research Complex start-up accelerator space on the second floor of Building 520, located at 1600 Huron Parkway, 2nd Floor, Ann Arbor, Michigan, for twelve months. The lease will begin in early 2011 and will use the standard U-M accelerator lease template. Tenant will pay the standard accelerator rates of: \$200 per month for each office (maximum of 2), and \$2150 per month for each half bay of laboratory space (maximum of 2). Wolverine Energy Solutions and Technology, Inc. will be responsible for providing monthly updates concerning its business progress to the University of Michigan Office of Technology Transfer, and will have access to Office of Technology Transfer personnel for advice concerning obtaining technology assessment, business consulting, technical assistance, capital raising, or other business services.
3. The pecuniary interest arises from the fact that Theodore Goodson III, Stephanie Goodson, Meng Guo, and Oleg Varnavski, University of Michigan employees, are owners of an equity interest in Wolverine Energy Solutions and Technology, Inc.

Research Agreement between the University of Michigan and JV BioLabs, LLC

The regents approved a research agreement with JV BioLabs LLC (“Company”) which will enable the Company to support a research project in the Department of Pathology entitled “Proposal for Screening 256 Medicis Compounds” which requires the use of facilities and resources of the University. Because James Varani, a University of Michigan employee, is also partial owner and chief scientific officer 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 JV BioLabs, LLC.
2. The terms of the agreement conform to University policy. The period of performance for the project is expected to be twelve (12) months and the amount of funding support is anticipated at \$176,709.
3. Professor Varani’s pecuniary interest arises from his status as partial owner and chief scientific officer of JV BioLabs LLC.

Option Agreement between the University of Michigan and Advanced Battery Control, LLC

The regents approved an agreement with Advanced Battery Control, LLC (the “Company”) to option the University’s rights associated with the following technology: UM File No. 4302, “Dynamic Reconfiguration of a Large-Scale Battery System;” UM OTT File No. 4442, “Scheduling of Battery Charge and Discharge;” and UM OTT File No. 4625, “Dependable, Efficient, Scalable Architecture for Management of Large-Scale Batteries.” Because Professor Kang Shin and Hahnsang Kim, 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. The parties to the agreement are the Regents of the University of Michigan and Advanced Battery Control, LLC.

2. Agreement terms include giving the Company an exclusive option to the technologies including the rights to make products for evaluation purposes based on these technologies. 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 the 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. Shin and Mr. Kim arise from their ownership interest in Advanced Battery Control, LLC.

New Degree Program, School of Education, University of Michigan-Dearborn (*“Master of Arts in Educational Leadership”*)

On a motion by Regent White, seconded by Regent Maynard, the regents unanimously approved a new degree program to be offered by the University of Michigan-Dearborn School of Education, “Master of Arts in Educational Leadership.”

Public Comments on Non-Agenda-Related Topics

The regents heard comments from the following people, on the topics indicated: Alex O’Dell, student, regarding “TEDxUofM 2011, Encouraging Crazy Ideas”; and Elijah Robinson, citizen, on “the future.”

Adjournment

There being no further business, the meeting was adjourned at 3:35 p.m. The next meeting will take place April 21, 2011.