

APRIL MEETING, 2008

The University of Michigan

Ann Arbor

April 17, 2008

The Regents convened at 3:20 p.m. in the Regents' Room. Present were President Coleman and Regents Darlow, Deitch, McGowan, Richner, Taylor, and White. 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 Newman participated by telephone; Regent Maynard was absent.

Call to Order

President Coleman called the meeting to order. She noted that the Dalai Lama would be presenting the annual Peter Wege Lecture on Sustainability on April 19, in conjunction with Earth Day, and made note of the preparations underway to prepare the Diag for Spring Commencement.

President Coleman reported that the University is one of only three public universities nationwide to receive AAA bond ratings from both Standard & Poors and Moody's investor services. She commended Executive Vice President Slottow and his team for their work in maintaining and strengthening the University's financial stability. President Coleman concluded by announcing that seven University faculty members had recently received Guggenheim fellowships, the most of any University in North America this year. She congratulated them on their exceptional achievements.

Dean's Report: School of Natural Resources and Environment

President Coleman introduced Dean Rosina Bierbaum of the School of Natural Resources and Environment.

Dean Bierbaum described the school, noting that it has 350 graduate students, including a growing number of dual degree students and a popular undergraduate program co-sponsored by the College of LS&A. Since 2001 the school's research budget has tripled, to \$9 million, and it has increased its external visibility and outreach with its dean's speaker series and its first national summit on "Coping with Climate Change."

Dean Bierbaum noted that the school's broad array of research expertise has allowed it to assemble a number of centers that have made it the hub for environmental research at Michigan. She described the key research needs that were identified at the Coping with Climate Change summit and noted that these now form the nexus of research activities within the school, and described a number of these research projects.

Committee Reports

Finance, Audit and Investment Committee. Regent McGowan, chair of this committee, reported that she and Regent White, along with President Coleman, had attended this meeting. There were two agenda items: the Athletic Department 5-year strategic operating/capital plan update, with athletic director Bill Martin and executive director of athletic business operations Jason Winters, and the FY08 General Fund budget outlook, with Provost Teresa Sullivan and Associate Provost Phil Hanlon. The committee also received the hospital quarterly report.

Executive Vice President Slottow reported that the University had issued \$224 million in general revenue bonds to support various University projects, and noted that the low interest

rates received will allow an ongoing savings on the debt service for the stadium project of about \$2 million per year for 20 years.

Personnel, Compensation and Governance Committee. Regent Richner, chair of this committee, reported that he, Regent Darlow, and Regent Taylor attended the meeting. They received a report from Provost Sullivan on the status of ongoing dean and senior leadership searches, and were also pleased to receive a report on ongoing retention and recruitment efforts, which have been largely successful. The committee also was briefed on efforts to address institutional conflicts of interest. The last agenda item concerned a set of proposed “housekeeping” amendments to the Regents’ Bylaws that will be coming before the board.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of March 20, 2008.

Reports. Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report, the Regents Report on Non-competitive Purchases over \$5,000 from Single Sources, December 16, 2007-March 15, 2008, 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, February 1 - February 29, 2008. He noted that he had informed the board last year of the formation of the Institute for Research on Labor and Employment in the Economy (IRLEE), which promotes new research on key issues related to labor, employment, and the economy, and focuses on areas in which the University has notable strengths. He reported that the formation of IRLEE has led to the broadening of the focus of ILIR’s Labor Studies Center to encompass employment, as well as work and labor. As a result of partnerships with fellow institutions in

the University Research Corridor (URC), there is an opportunity to distribute programs formerly administered by ILIR to the participating universities in the URC with strengths that allow them to optimally serve each program. He said the University has reached out to organized labor and welcomes its consultation during this time of transition.

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

Division of Student Affairs. Vice President Harper observed that this would be the last meeting for outgoing MSA president Mohammad Dar, and that he would be graduating this month. She thanked him for his outstanding leadership, noting that due to his high level of involvement when he was vice president, he was able to step in and become a very effective president in the middle of the year.

University of Michigan-Flint. There was no additional report from the Flint campus.

University of Michigan-Dearborn. Chancellor Little recognized the leadership of Abdullateef Muhiuddin (“Muhi”), who had served as president of the Dearborn campus student government during the past year. Chancellor Little also commented about plans for the UM-Dearborn spring commencement.

Michigan Student Assembly Report. Mr. Mohammad Dar, outgoing president of Michigan Student Assembly, described the accomplishments of MSA over the past year. He then recounted the highlights of his personal experiences during his tenure as a student at Michigan, and expressed great appreciation to the Regents and administrators for their invaluable commitment and support. A standing ovation followed.

Mr. Dar introduced the incoming MSA president, Ms. Sabrina Shingwani, and vice president, Arvind Sohoni.

Outgoing UM-Dearborn MSA president Abdullateef Muhiuddin (“Muhi”) then addressed the board.

Voluntary Support. Vice President May submitted the Report of Voluntary Support for March 2008. He noted that in March, the University had received \$36 million in additional private support, bringing the campaign total to \$2.9 billion. Planned gifts in the campaign had totaled \$87 million so far, bequest intentions, \$427 million, and the President’s Challenge has reached \$22 million of the \$40 million goal.

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

Retirement Memoirs. Vice President Churchill submitted one faculty retirement memoir, for William Gosling, curator of the children’s literature collection and former University librarian. Regent McGowan pointed out that it was under Mr. Gosling’s leadership that the University became one of the five original Google Library partners, and the only one that committed to digitize its entire collection.

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

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

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

The Regents then turned to consideration of the regular agenda.

Report of University Internal Audits

The Regents received the report of the Office of University Audits activities for the period February 1 through February 29, 2008.

Alternative Asset Commitments

Executive Vice President Slottow informed the Regents about follow-on investments that had been made with the following, previously approved funds: \$20 million to Crow Holdings Realty Partners V, \$15 million to Embarcadero Capital Investors Three, L.P., \$10 million to Shorenstein Realty Investors Nine REIT, and \$25 million to Westbrook Real Estate Fund VIII, all from the Long Term Portfolio; and \$75 million to Canyon Capital Realty Advisors LLC and \$25 million to Canyon Capital Realty Advisors LLC's Discretionary Mortgage Investment Account III, and \$50 million to CT Opportunity Partners I, L.P., all from the University Investment Pool.

Absolute Return Investment

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved commitment of up to \$50 million from the Long Term Portfolio to ADM Maculus Fund V, L.P.

Thompson Street Parking Structure Addition

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved issuing the Thompson Street Parking Structure Addition Project for bids and awarding construction contracts providing that bids are within the approved budget.

Towsley Center for Children Replacement Facility

On a motion by Regent McGowan, seconded by Regent White, the Regents unanimously approved issuing the Towsley Center for Children Replacement Facility Project for bids and awarding construction contracts providing that bids are within the approved budget.

Central Power Plant 2.4kV Switchgear Upgrade

Executive Vice President Slottow reported that all five bids for this project had exceeded the cost estimate, so it was necessary to revise the budget by \$250,000. On a motion by Regent Taylor, seconded by Regent Richner, the Regents unanimously approved the revised budget for the Central Power Plant 2.4kV Switchgear Upgrade Project.

University of Michigan Hospitals and Health Centers University Hospital Surgical Intensive Care Unit Room Separation

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved the University of Michigan Hospitals and Health Centers University Hospital Surgical Intensive Care Unit Room Separation Project as described, authorized commissioning the architectural firm of Niagara Murano for its design, 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 A. Alfred Taubman Health Care Center Second Level Clinic Entry Renovations

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved the University of Michigan Hospitals and Health Centers A. Alfred Taubman Health Care Center Second Level Clinic Entry Renovations 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 5 votes for approval. These would be considered as a block, in one vote.

On a motion by Regent White, seconded by Regent Taylor, the Regents unanimously approved the following agreements:

Lease Amendment Agreement with 2401 Plymouth LLC

The Regents approved a lease amendment agreement for 6,740 square feet of property located at 2401 Plymouth Road, Suites A & B, Ann Arbor, Michigan, to be leased from 2401 Plymouth LLC and to be utilized as office space for the College of Engineering's Interdisciplinary and Professional Engineering Center for Professional Development. Because William C. Martin, a University of Michigan employee, is also a member of 2401 Plymouth 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 lease amendment agreement are the Regents of the University of Michigan and 2401 Plymouth LLC.
2. The service to be provided is the lease amendment agreement for 6,740 square feet in a building at 2401 Plymouth Road, Suites A & B, Ann Arbor, Michigan, for two years, beginning July 1, 2008 through June 30, 2010, at a monthly rate of \$12,356.66 for the first year and \$12,727.36 for the second year. Tenant will be responsible for gas and electric usage plus janitorial service.
3. The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is a member of 2401 Plymouth LLC.

Agreement with Avicenna Medical Systems, Inc.

The Regents approved a perpetual software maintenance and support agreement with Avicenna Medical Systems, Inc. ("Avicenna") for maintenance, support and training in the use of two software programs for electrophysiology reporting and tracing of patients taking anticoagulation medication. Because the owners of Avicenna, Frank Pelosi, Erdwing Coronado, Yehuda Bechnar, and Khaled El-Safty, are also University of Michigan employees, 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 MCIT and Avicenna.
2. The estimated annual cost of the software maintenance and support is \$65,000. The agreement perpetually renews with an annual increase of the lower of 5% or the Consumer Price Index and can be terminated by either party in writing at any time.
3. The pecuniary interest arises from the fact that Frank Pelosi, M.D., Erdwing Coronado, Yehuda Bechnar, and Khaled El-Safty, University of Michigan employees, are owners of Avicenna.

License Agreement with Cielo MedSolutions LLC

The Regents approved a license agreement with Cielo MedSolutions LLC (“Cielo”) for purchase of a software license, implementation and one-year maintenance support. Because Lee Green, Michael Klinkman, Donald Nease, Jr., and James D. Price, University of Michigan employees, are also members of Cielo, 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 Nursing and Cielo.
2. The software license agreement is for one year of Cielo Clinic, implementation and training, for a total cost of \$5,840.
3. The pecuniary interest arises from the fact that Dr. Lee Green, Dr. Michael Klinkman, Dr. Donald Nease, Jr., and James D. Price, University of Michigan employees, are also members of Cielo.

Purchase Agreement with Monoky & Associates

The Regents approved the purchase of textbooks from Monoky & Associates by the Ross School of Business Executive Education Center. Because John F. Monoky, a University of Michigan employee, is also co-owner of Monoky & Associates, 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 Ross School of Business Executive Education Center and Monoky & Associates.

2. The product provided is the textbook, *The Sales Manager's Idea-A-Day Guide*. The cost for 17 copies of the book is \$680.
3. The pecuniary interest arises from the fact that John F. Monoky, a University of Michigan employee, is co-owner of Monoky & Associates.

Contract with SwirlTech LLC

The Regents approved a contract with SwirlTech LLC allowing the *Michigan Daily* to purchase its services for building and launching a new web contract management system and one year of maintenance support. Because Michael Hess, a University of Michigan employee, is also the owner of SwirlTech LLC, this contract 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 *Michigan Daily* student newspaper and SwirlTech LLC.
2. The product provided is software for an online content management system and annual maintenance support for an estimated total amount of \$85,000.
3. The pecuniary interest arises from the fact that Michael Hess, a University of Michigan employee, is owner of SwirlTech.

Amendment to Patent Option Agreement between the University of Michigan and LS 13, Inc. (formerly Uptech, Inc.)

The Regents approved an amendment to a patent option agreement with LS 13, Inc. (formerly Uptech, Inc.) to extend the original option agreement and add three additional technologies to the agreement: UM File No. 3335, "Multi-phasic colorants as functional elements in paints, coatings, plastics or displays"); UM File No. 3778, "Multi-phasic capsules"; and UM File No. 3831, "Biphasic biodegradable microparticles with controlled shapes." Because Dr. Joerg Lahann, a University of Michigan employee, is also partial owner of LS 13, Inc. (formerly known as Uptech), 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 LS 13, Inc. (formerly Uptech, Inc.)
2. Amendment terms include giving LS 13, Inc. An option to an exclusive license with the right to grant sublicenses to the additional files. LS 13, Inc. Will reimburse patent costs during the term of the option agreement, and would pay a royalty on sales and reimburse patent costs if the option is exercised and a license is executed. 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. Joerg Lahann arise from his ownership interest in LS 13, Inc.

Research Agreement between the University of Michigan and the Robert Wood Johnson Foundation

The Regents approved a research agreement with the Robert Wood Johnson Foundation under which Mary Harrington, a University of Michigan graduate student instructor, and Catherine McLaughlin, a University of Michigan faculty member, can continue to work together on a project directed by Dr. McLaughlin that involves a subcontract to Mathematica Policy Research (MPR). Because Dr. McLaughlin and Ms. Harrington are also employees of MPR, 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 Robert Wood Johnson Foundation.
2. The terms of the proposed agreement are acceptable and conform to University policy. The period of performance is January 2008 through August 2008.
3. Mary Harrington's and Catherine McLaughlin's pecuniary interest arises from their status as employees of MPR.

Residency Classification Guidelines

Provost Sullivan informed the Regents about a revision to the military waiver provision of the Residency Classification Guidelines (Section D) that would grant a waiver of out-of-state tuition to regular active duty personnel who are stationed in Michigan, even if they are living

outside of the state. The revision is effective Spring term, 2008 (additions in italics and underlined) :

D. Special Waiver of Out-of-State Tuition for Regular Active Duty Military Personnel Living or Stationed in Michigan

Regular active duty military personnel who are living *or stationed* in Michigan, as well as their accompanying spouses and dependent children, will be allowed to pay in-state tuition while they attend the University of Michigan, event though they will not be eligible to be classified as residents under the Residency Classification Guidelines. This waiver is available to persons in the U.S. Army, Navy, Air Force, Marines and Coast Guard, and to officers in the Public Health Service. When the military person upon whom the waiver is based leaves the state, a child or spouse who remains in Michigan enrolled full-time in high school or an institution of higher learning will continue to be eligible to receive the waiver. Children must have completed at least the junior year of high school prior to the military person's departure. In order to request this waiver, the student must submit a residency application by the applicable filing deadline and provide documentation demonstrating eligibility.

Revision to Regents' Bylaw Sec. 11.07: The University of Michigan-Dearborn College of Arts, Sciences, and Letters Executive Committee

On a motion by Regent White, seconded by Regent Richner, the Regents unanimously approved the following revision to Regents' Bylaw 11.07:

Sec. 11.07. The University of Michigan-Dearborn: College of Arts, Sciences, and Letters Executive Committee

The executive committee will consist of the dean and ~~seven~~ **eight** faculty members of senate rank to be appointed by the Regents on recommendation by the chancellor and the president. The appointed members will not be eligible for reappointment until after the lapse of one year. The terms will be for three years and will be so adjusted that at least two vacancies will occur each year. The dean will chair the committee.

Reappointment to the Washtenaw Community Health Organization (WCHO) Board of Directors

On a motion by Regent White, seconded by Regent Darlow, the Regents unanimously approved reappointment of Mr. Saul Cooper and Dr. Jerry Walden to the WCHO Board of Directors for the term April 1, 2008-March 31, 2011.

Regents' Meeting Schedule for 2009

On a motion by Regent White, seconded by Regent Darlow, the Regents unanimously approved the following meeting schedule for 2009:

January 22
February 19
March 19
April 16
May 14 (Dearborn Campus)
June 18
July 16
September 17
October 15 (Flint campus)
November 19
December 17

The Regents then turned to Public Comments.

Public Comments

The Regents heard comments from James Pedersen, citizen, Roland Zullo, faculty member, Shannon Kirkland, citizen, and Elise Bryant, alumna, on UM Labor Studies Center programs; James Mogensen, citizen, on University transportation services and Dr. King; and Ray W. Vinton, alumnus, on the new student ticket policy for the Flint and Dearborn campuses.

There being no further business, the meeting was adjourned at 4:45 p.m. The next meeting is scheduled for May 15, 2008.