

APRIL MEETING, 2012

*The University of Michigan
Ann Arbor
April 19, 2012*

The regents met at 3:00 p.m. in the Rogel Ballroom, Michigan Union. Present were President Coleman and Regents Darlow, Ilitch, Maynard, Newman, Richner, and White. Also present were Vice President and Secretary Churchill, Vice President Forrest, Provost Hanlon, Vice President Harper, Chancellor Little, Vice President May, Chancellor Person, Executive Vice President Pescovitz, Vice President Rudgers, Vice President Scarnecchia, and Executive Vice President Slottow. Vice President Wilbanks arrived at about 4:55 p.m. Regents Deitch and Taylor were absent.

Call to Order and President's Opening Remarks

President Coleman called the meeting to order. She noted that Dr. Sanjay Gupta would be speaking at Spring Commencement the following weekend. She observed that during the past month, two Michigan students had been selected as Truman Scholars and two as Goldwater Scholars, five faculty had been elected to the Academy of Arts and Sciences and three had been selected as Guggenheim Scholars. President Coleman commented on the passing of journalist Mike Wallace, a devoted alumnus, noting that he had founded the Knight-Wallace Fellows Program, provided the building that houses the program, and was a founding judge of the Livingston Awards, which operates out of Wallace House. A video presentation followed, narrated by Professor Charles Eisendrath, director of the Knight-Wallace Fellows Program.

President Coleman asked Vice President Churchill to comment on the meeting venue. She noted that as part of the on-going evaluation of meeting venues, today's meeting space, the Rogel Ballroom, is able to accommodate three times as many people as the Regents' Room.

The Application of High-Throughput Sequencing for the Personalization of Cancer Therapy

President Coleman then introduced Arul Chinnaiyan, Director, Michigan Center for Translational Pathology, and S.P. Hicks Endowed Professor of Pathology and Urology. Dr. Chinnaiyan described a new protocol established at the Center for Translational Pathology in the Cancer Center to define the molecular basis of an individual cancer and match cancer therapies in a more personalized fashion. The genome of an individual cancer patient's tumor can be defined and compared to their normal genome so that therapies can be matched in a personalized fashion. He noted that the University of Michigan is one of the leading institutions in bringing this technology to patient care, and the effort is being led by several multidisciplinary teams.

President Coleman pointed out that in addition to the work he described in the presentation, Dr. Chinnaiyan has also developed new tests for prostate cancer that are far more accurate than those previously available.

Regent Richner commented that "this is absolutely phenomenal," and asked Dr. Chinnaiyan how the regents could help in supporting this work. Dr. Chinnaiyan noted that the University has been very supportive in providing resources necessary to establish the infrastructure that has allowed the center to attract significant extramural funding.

Public Comments on Agenda Related Topics

Mr. Douglas Smith, citizen, addressed the regents on the topic of the minutes of the April 2, 2012 special meeting of the Board of Regents.

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 Richner, and Regent Maynard had met that morning with Executive Vice President Slottow. The first

topic was a review of the recreational sports and student unions out-year capital and financial plan. Vice President Harper, Associate Vice President for Student Affairs Loren Rullman, and University Treasurer Greg Tewksbury participated in this discussion. For the next topic, the FY 2013 General Fund Budget update for all three campuses, the committee was joined by Regents Darlow, Ilitch, Newman, Taylor, and President Coleman. Presenters included Provost Hanlon, Vice Provost Pollack, Vice President Wilbanks, and Chancellors Person and Little.

Personnel, Compensation and Governance Committee. Regent Ilitch reported that the Personnel, Compensation and Governance Committee, consisting of herself and Regent Taylor, had received an update on dean searches from Provost Hanlon, and had been briefed on campus safety issues. Following this session, the committee joined the Finance, Audit and Investment Committee.

Health Affairs Committee. Regent Darlow reported that the committee, consisting of herself and Regent Newman, met with Executive Vice President Pescovitz, Executive Director of UMHS Doug Strong, Vice President Scarnecchia, Dean Woolliscroft, Dr. Tom Campbell, and CFO Doug Castillo. President Coleman also attended the meeting. Discussion topics included issues related to implementation of the strategic plan. Following this discussion, the committee joined the Finance, Audit and Investment Committee for the General Fund budget discussion.

President Coleman then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the regular meeting of March 15, 2012 and the minutes of the special meeting of April 2, 2012, with certain corrections as noted.

Reports. Executive Vice President Slottow submitted reports on investment, plant extension, University Human Resources, and the Regents Report on Non-competitive Purchases over \$5,000 from Single Sources.

Litigation Report. Vice President Scarnecchia submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Awards Established, July 1, 2011–March 31, 2012. He also announced that Professor Jyotirmoy Mazumder had been selected to receive this year’s Distinguished University Innovator Award. He introduced Professor Mazumder, who was present at the meeting.

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

Division of Student Affairs. Vice President Harper noted that the Central Student Government (CSG) had elected a new president and vice president. She complimented DeAndree Watson for his outstanding leadership as president of CSG during the past year, and highlighted some of his accomplishments. A round of applause followed.

University of Michigan-Dearborn. Chancellor Little reported that the Dearborn campus would be hosting its largest commencement ever, with over 700 graduates. Chancellor Little also highlighted the recommended appointment of Tony England as interim dean of the College of Engineering and Computer Science.

University of Michigan-Flint. Chancellor Person reported that the Flint campus would also have about 700 graduates. She also reported that the campus has been selected as the first recipient of the Engaged Campus of the Year Award, presented by Michigan Campus Compact.

Central Student Government Report. Noting that this would be his last report as president of CSG, DeAndree Watson, thanked Vice President Harper for her support throughout

his tenure at the University of Michigan and reported on CSG activities during the past month. He then introduced incoming CSG president, Manish Parikh. Mr. Parikh addressed the board about issues important to students and his plans for the coming year.

Conflict of Interest Items

President Coleman announced that the agenda includes 11 conflict of interest items, each of which requires 6 votes for approval. On a motion by Regent White, seconded by Regent Ilitch, the regents unanimously approved the following 11 items:

Lease Agreement and Relationship Agreement with Ambiq Micro Inc.

The regents approved a lease agreement with Ambiq Micro Inc. for space in the North Campus Research Complex start-up accelerator, located at 1600 Huron Parkway, 2nd floor, Ann Arbor, and a relationship agreement defining the relationship between the University of Michigan and Ambiq Micro Inc. at the accelerator. Because David Blaauw and Dennis Sylvester, University of Michigan employees, are also owners of Ambiq Micro 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 Ambiq Micro Inc.
2. The service to be provided is the lease of modular laboratory and office space in the North Campus Research Complex start-up accelerator on the second floor of Building 520, located at 1600 Huron Parkway, Ann Arbor, Michigan, for twelve months. The lease will begin in spring 2012 and will use the standard University of Michigan accelerator lease template. Tenant will pay the standard accelerator rates of: \$225 per month for each office (maximum of 4), and \$80 per month for each cubicle (maximum of 4). Ambiq Micro 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 David Blaauw and Dennis Sylvester, University of Michigan employees, are owners of Ambiq Micro Inc.

Lease Amendment Agreement with Milcom Inc.

The regents approved a lease amendment agreement with Milcom Inc. for 2,523 square feet of property located at 320 West Commerce Road, Milford, Michigan. Because Robert C. Arends, a University of Michigan employee, is also owner of Milcom 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 lease amendment agreement are the Regents of the University of Michigan and Milcom Inc.
2. The service to be provided is the lease of 2,523 square feet in a building at 320 West Commerce Road, Milford, Michigan, for two years beginning February 1, 2012, through January 31, 2014, at a monthly rate of \$5,429.13. Tenant will be responsible for gas and electric usage plus janitorial service.
3. The pecuniary interest arises from the fact that Robert C. Arends, a University of Michigan employee, is the owner of Milcom Inc.

Authorization to Extend a Contract with QE Tools, LLC

The regents approved extension of the current contract with QE Tools, LLC for its software add-in tool for use with the College of Engineering Interdisciplinary and Professional Engineering (“InterPro”) Six Sigma Green Belt training programs. Because Patrick Hammett, a University of Michigan employee, is also the owner of QE Tools, 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 contract are the Regents of the University of Michigan and its College of Engineering Interdisciplinary and Professional Engineering and QE Tools, LLC.
2. The agreement is for the purchase of QE Tools add-in software for use with Six Sigma Green Belt online training programs. The cost is per licensed user and is not to exceed a total of \$80,000 through March 2015.
3. The pecuniary interest arises from the fact that Patrick Hammett, a University of Michigan employee, is owner of QE Tools, LLC.

Authorization to Extend a Contract with SwirlTech LLC

The regents approved extending the current contract between the Michigan Daily student newspaper and SwirlTech LLC for web content management system monthly maintenance, and which will now include leasing with the option to purchase hosting and replacement hardware. Because Michael Hess, a University of Michigan employee, is also the owner of SwirlTech 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 contract are the Regents of the University of Michigan and its Michigan Daily student newspaper and SwirlTech, LLC.
2. The agreement is for an extension of three (3) years of web content management system maintenance and the inclusion of a 12-month lease of necessary hardware additions and replacements with buy-out option. The cost originally approved for this service was \$175,000. The extension amount will not exceed \$200,000 and the total contract amount for the period ending 9/1/2017 will not exceed \$375,000.
3. The pecuniary interest arises from the fact that Michael Hess, a University of Michigan employee, is owner of SwirlTech, LLC.

Authorization to Enter into Agreement with RBL Group

The regents approved an agreement between the Stephen M. Ross School of Business and RBL Group to allow RBL Group to sponsor the Human Resources Competency Study (HRCS). Because David Ulrich, a University of Michigan employee, is also owner of RBL Group, 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 contract are the Regents of the University of Michigan and its Stephen M. Ross School of Business and RBL Group.
2. The agreement is to sponsor the Human Resources Competency Study (HRCS) conducted by the RBL Group. The sponsorship of the 2012 HRCS is a marketing tool for the business school's popular human resource programs as well as assisting in promoting the executive education programs. The cost of the sponsorship of the study is \$85,000.
3. The pecuniary interest arises from the fact that David Ulrich, a University of Michigan employee, is owner of RBL Group.

Authorization to Transact with Arbor Research Collaborative for Health

The regents approved allowing the Department of Surgery to transact with Arbor Research Collaborative for Health (“Arbor Research”) for database services specific to data outcomes for kidney transplants, and to also transact with Arbor Research for leased office space and administrative services. In addition, they approved allowing the Department of Internal Medicine-Gastroenterology to transact with Arbor Research for database services that are specific to data from the SRTR database. Because Robert M. Merion, a University of Michigan employee, is also president of Arbor Research, 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 contract are the Regents of the University of Michigan and its Department of Surgery and Department of Internal Medicine, and Arbor Research.
2. The agreement for database services specific to data outcomes for kidney transplants is for a duration of 1 year at a cost of \$41,400. The second agreement is for sub-leased office space at a cost of \$16,934.52 per year with an annual 3% escalation until termination and administrative services for an initial term of three years at \$67,000 per year with an option for two additional years. The total cost for the leased space and administrative services agreement over five years is not to exceed \$424,908. The third agreement for database services specific to data from the SRTR is at a total cost of \$132,046.
3. The pecuniary interest arises from the fact that Robert M. Merion, a University of Michigan employee, is president of Arbor Research.

Amendment to Option Agreement between the University of Michigan and Arbor Ultrasound Technologies, LLC

The regents approved an amendment to an option agreement with Arbor Ultrasound Technologies, LLC (“Company”) to option from the University of Michigan the University’s rights associated with the following additional technology: UM OTT File No. 4912, “Doppler Window Ultrasound System.” Because William F. (Rick) Weitzel, a University of Michigan employee, is 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. The parties to the contract are the Regents of the University of Michigan and Arbor Ultrasound Technologies, LLC.
2. Agreement terms include granting the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will pay an option fee and reimburse patent costs. 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, 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. Weitzel arise from his ownership interest in Arbor Ultrasound Technologies, LLC.

Material Transfer Agreement between the University of Michigan ImBio, LLC

The regents approved a material transfer agreement with ImBio, LLC (“Company”) to allow the company to obtain the right to use selected de-identified medical images solely for testing developed computer algorithms. Because Brian D. Ross and Alnawaz Rehemtulla, University of Michigan employees, are also partial owners and officers 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 contract are the Regents of the University of Michigan and ImBio, LLC.
2. Agreement terms include granting the Company the right to use de-identified medical images solely for testing developed computer algorithms. 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 Drs. Ross and Rehemtulla arise from their ownership interest in ImBio, LLC.

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

The regents approved a research agreement between the University of Michigan and JV BioLabs, LLC (“Company”) that will allow the Company to support a research project at the University of Michigan directed by Professor James Varani entitled “Monoclonal Antibodies to OFA: Therapeutic and Diagnostic Potential” (University ID 12-PAF05544) 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 Regents of the University of Michigan and JV BioLabs, LLC.
2. The terms of the proposed 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 \$301,413.
3. The pecuniary interests of James Varani arise from his status as partial owner and chief scientific officer of JV BioLabs, LLC.

Subcontract Agreement between the University of Michigan and PicoCal, Inc.

The regents approved a subcontract agreement between the University of Michigan and PicoCal, Inc. (“Company”) that will allow the Company to fund a research project at the University of Michigan through an award the Company has received from the National Science Foundation. Because Yogesh Gianchandani, a University of Michigan employee, is also an 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. Parties to the agreement are the Regents of the University of Michigan and PicoCal, Inc.
2. The terms of the proposed agreement conform to University policy. The Company wishes to enter into a subcontract with the University to enable Dr. Khalil Najafi, professor of electrical engineering and computer science, College of Engineering, to

direct the project and assist in the development of a micro-machined probe for localized nanomanufacturing. Dr. Najafi has no financial or management interests in the Company. The period of performance for the project is 18 months and the amount of funding support is \$60,000. Since research projects are often amended, these agreements include provisions for changes in time, amount, and scope of each supported project. University procedures for approval of the terms and conditions governing this work will be followed and additional conflict of interest review will be done as appropriate.

3. The pecuniary interests of Yogesh Gianchandani arise from his status as an owner and member of the board of directors of PicoCal, Inc.

Option Agreement between the University of Michigan and SB10, Inc.

The regents approved an option agreement with SB10, Inc. (“Company”) to option from the University of Michigan the University’s rights associated with the following technologies: UM OTT File No. 3369, “Thin-Film Neutron Detector and Detector Arrays”, and UM OTT File No. 4288, “Textured Junction Diode for Neutron Detection.” Because Codrin Cionca, 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. The parties to the contract are the Regents of the University of Michigan and SB10, Inc.
2. Agreement terms include granting the Company an option to an exclusive license with the right to grant sublicenses. The Company will pay an option fee and reimburse patent costs. The University may receive equity in the Company, along with the right to purchase more equity. 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, 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. Cionca arise from his ownership interest in SB10.

Voluntary Support. Vice President May noted that there was no report of voluntary support this month due to the final steps of implementation of a new data system that will greatly enhance development efforts across the University.

Personnel Actions/Personnel Reports. Provost Hanlon submitted a number of personnel actions and personnel reports. He noted that the personnel actions include two supplemental items, for appointment of Tony England as interim dean for the College of Engineering and Computer Science at the University of Michigan-Dearborn, and Daryl Weinert as the associate vice president for research-sponsored projects.

Retirement Memoirs. Vice President Churchill submitted memoirs for two retiring faculty members.

Memorials. No deaths of active faculty members were reported to the regents 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.

Regent Maynard left the meeting at this point.

Alternative Asset Commitments

Executive Vice President Slottow informed the regents of follow-on investments that had been made with the following partnerships: \$20 million to KHP Fund III, L.P.; \$25 million to Lime Rock Partners VI, L.P.; \$15 million to Andreessen Horowitz Fund III, L.P. and \$5 million to Andreessen Horowitz Annex Fund III, L.P.; and \$12 million to Sequoia Capital Global Growth Fund, L.P.

Sale of Gifted Real Estate

Executive Vice President Slottow reported that gifted property located at 1020 Bruce Street, Ann Arbor, Michigan, had been sold for \$161,000.

A. Alfred Taubman Health Sciences Library Renovation

On a motion by Regent White, seconded by Regent Ilitch, the regents unanimously approved the A. Alfred Taubman Health Sciences Library Renovation Project as described and authorized commissioning TMP Architecture Inc. and Ballinger for its design.

Hutchins Hall and William W. Cook Legal Research Library Law School Renovation Phase II

On a motion by Regent Richner, seconded by Regent Ilitch, the regents unanimously approved the Hutchins Hall and William W. Cook Legal Research Library Law School Renovation Phase II 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 Adult Inpatient Capacity Expansion and UH South Office Renovation Project

Executive Vice President Pescovitz commented that this renovation will enable repurposing of the space vacated by the former C.S. Mott Children's Hospital complex to house primarily adult inpatient programs and services. On a motion by Regent Darlow, seconded by Regent Ilitch, the regents unanimously approved the University of Michigan Hospitals and Health Centers C.S. Mott Children's Hospital, Women's Hospital, Maternal and Child Health Care Center, and James and Lynelle Holden Perinatal Research Laboratory Adult Inpatient Capacity Expansion and UH South Office Renovation Project as described, and authorized commissioning the architectural firm of Hobbs and Black for its design.

Wall Street East Parking Structure

Executive Vice President Slottow noted that this project had originally been part of the Wall Street Office Building, East Parking Structure, and Transit Center project, approved in September 2008. That project was cancelled in 2009 and was replaced by a joint project with the City of Ann Arbor, the Fuller Road Station project, approved in January 2010. It has since been decided not to move forward with the latter project. The proposed Wall Street East Parking Structure will be similar in size and scope to the structure originally included in the 2008 project. It was noted that it will be designed with environmental sensitivity, and public forums will be held to discuss the design of the parking structure with the neighboring community. On a motion by Regent Richner, seconded by Regent White, the regents unanimously approved the Wall Street East Parking Structure Project as described and authorized commissioning Walker Parking Consultants and the S/L/A/M Collaborative for its design.

New Graduate Degree Program in the Medical School

On a motion by Regent Ilitch, seconded by Regent White, the regents unanimously approved the new graduate degree, “Master of Medical Science,” to be offered by the Medical School.

Issues Concerning Undocumented Students

Provost Hanlon commented that concerns that have been raised about undocumented students by faculty and student advocates have been the topic of discussion recently among faculty, students, and administrators. He stated, “The University is eager to continue its ongoing collaboration with the Coalition for Tuition Equality and other key stakeholders to develop an effective response to the issues that is legally compliant and reflects the University’s core values

of fairness to all students and our commitment to maintaining an inclusive and diverse community.”

Public Comments on Non-Agenda-Related Topics

The regents heard comments from the following individuals, on the topics indicated: Ellen Steele, student and member of ACLU, and Marisol Ramos, student, on tuition equality; Cathy Cao, student and member of Multicultural Advancement for Diversity Coalition, on in-state tuition for undocumented students; Ariam Abraham, student, on higher minority enrollment; Kate Stenvig, alumna and member of BAMN, on affirmative action; Joseph Varilone, student and member of United Students Against Sweatshops, on Investment in HEI; Becky Turanski, staff, on consideration of retirement issues; Linda Martinson, alumna, on the culture of cover-up/lack of institutional integrity; and Frances Janis, citizen, on keeping latex out of a latex-allergic patient’s room.

Adjournment

There being no further business, the meeting was adjourned at 5:05 p.m. The next meeting will take place May 17, 2012.