

**MAY MEETING, 2009**

*The University of Michigan*

*Ann Arbor*

*May 14, 2009*

The Regents convened at 3:00 p.m. in the Henry Ford Estate-Fair Lane on the campus of the University of Michigan-Dearborn. Present were President Coleman and Regents Darlow, Deitch, Maynard, Ilitch, Newman, Richner, Taylor, and White. Also present were Vice President and Secretary Churchill, Vice President Forrest, Vice President Harper, Vice President Lampe, Chancellor Little, Vice President May, Chancellor Person, Executive Vice President Pescovitz, Vice President Scarnecchia, Executive Vice President Slottow, Provost Sullivan, and Vice President Wilbanks.

**Call to Order and President's Opening Remarks**

President Coleman called the meeting to order and thanked Chancellor Little and his staff for all of their efforts in hosting the regents on the Dearborn campus. She welcomed Dr. Ora Pescovitz to her first meeting as executive vice president for medical affairs, and noted that she had just been named one of the 25 most influential women in health care by *Modern Healthcare* magazine.

President Coleman reported that the University had recently announced plans for all three campuses to become smoke-free beginning in the summer of 2011, noting that this objective is in keeping with the goals of the MHealthy initiative to improve the health of the University community.

President Coleman made note of the fact that the University had recently received triple A bond ratings from both Standard & Poor's and Moody's Investor Services, pointing out that

this reflects diligence on the part of Executive Vice President Slottow and his team, particularly during these challenging economic times.

President Coleman reported that several faculty members have been appointed to positions in the Obama administration, including Rosina Bierbaum, dean of the School of Natural Resources and Environment, Rebecca Blank, former dean of the Gerald R. Ford School of Public Policy, and Robert Groves, professor of sociology and director of the Survey Research Center. She also congratulated three faculty members who have recently been elected to the National Academy of Sciences.

She then called on Chancellor Little.

### **Presentation: Civic Engagement Project**

Chancellor Little observed that as part of the Dearborn campus's metropolitan mission, it aims to combine the educational excellence of the University of Michigan with a genuine, sustained ability to impact the Detroit and southeast Michigan metropolitan area. In keeping with that effort, the University emphasizes civic engagement, with the goal of finding ways of bringing students into real, sustained engagement with their communities. He introduced Professor Troy Murphy, director of the Center for Civic Engagement. Professor Murphy gave a presentation on the Civic Engagement Project, whose mission is to nurture practical action in the community while fostering a vision of higher education in which notions of citizenship, democracy, and civic engagement become an integral part of the learning experience.

### **Committee Reports**

**Finance, Audit and Investment Committee.** Regent White, chair of the Finance, Audit and Investment Committee, reported that attendees at that morning's meeting had included Regents Deitch, Ilitch, Maynard, and President Coleman, in addition to Executive Vice President

Slottow. The first agenda item was a review of the FY 2010 Athletic Department draft budget, presented by Bill Martin, athletic director, and Jason Winters, executive director of athletics business operations.

Regents Darlow and Richner joined the committee for the discussion of the second agenda item, the draft FY 2010 Hospitals and Health Centers budget. Executive Vice President for Medical Affairs Pescovitz, HHC Director and Chief Executive Officer Doug Strong, and HHC Chief Financial Officer Dave Morlock also participated in this session. The meeting concluded with the bi-monthly audit update, presented by Carol Senneff, executive director of University audits.

Regent White then made the following comments about the University's budget and financial situation:

*The Board of Regents is deeply engaged in monitoring the fiscal health of the University. We take seriously our responsibility as the stewards of both its finances and its core mission.*

*Since the national financial crisis first unfolded last fall, the Regents have met monthly with several of the University's executive officers to discuss our financial status and to hear about any progress on cost saving measures, investment strategies, and related issues. We will maintain this important dialog going forward. It is gratifying that through prudent investment and aggressive cost-cutting measures, the University remains financially stable, allowing us to maintain our core priorities and commitments.*

*In anticipation of the challenges and difficult choices that we certainly face the next fiscal year, we began our work on the 2010 budget in December, which is earlier than we usually do. Since that time, we've met monthly with leadership in order to give this critical task the full, deliberate consideration it warrants. The budget we consider for approval next month will be the product of that thorough and thoughtful process. It will be lean, with substantially lower expenditure increases than in recent years. Inevitably, there will be unavoidable cost increases, but we are taking advantage of every opportunity to keep costs under control.*

*Throughout this process, we have been mindful of the delicate tradeoffs required in these troubled times in order to sustain the University's simultaneous commitments to access and affordability, excellence in teaching and research,*

*and to public service, particularly efforts to help revive the state's economy. Our focus on those commitments are our top priority, and we will be voting on that budget next month.*

**Personnel, Compensation and Governance Committee.** Regent Darlow, chair of the Personnel, Compensation and Governance Committee, reported that the committee had met that morning with she and Regent Newman in attendance, along with Vice President Churchill, Provost Sullivan, and Chancellor Little.

Provost Sullivan reported on various dean searches and reviews that are underway, including those for the dean of the School of Kinesiology and director of the Museum of Art. Other agenda items included review of a proposed bylaw amendment, discussion of the regental approval process for personnel appointments, and board self-assessment procedures. Chancellor Little reported on the issue of faculty recruitment and retention on the Dearborn campus.

President Coleman then turned to the consent agenda.

### **Consent Agenda**

**Minutes.** Vice President Churchill submitted for approval the minutes of the meeting of April 16, 2009.

**Reports.** Executive Vice President Slottow submitted the Investment Report, Plant Extension Report, and the University Human Resources Report. He noted that the University had recently received AAA ratings and report of a stable outlook from both Moody's and Standard & Poor's, which speaks highly of the efforts of the board and university administrators in maintaining the strength and quality of the University over time. Positive factors cited by the ratings agencies were continued focus on quality, the strength and stability of the research enterprise, and the continued focus on cost containment. Negative factors include the state's

economy and the resultant downward pressure in state appropriation, health care market volatility, and the volatility of the capital markets.

### **Update on due diligence process related to the pending Pfizer site purchase**

Executive Vice President Slottow reported that since December, the University has been working with external consultants to perform due diligence related to the purchase of the Pfizer property. The property consists of about 2 million gross square feet on 175 acres. Its purchase has no direct impact on the general fund, and no state appropriation or tuition dollars will be used for the purchase. He announced that the due diligence period would formally end on May 18, 2009, and the conditions have been found to be generally acceptable. Barring some unforeseen issue, plans are to close on the transaction within 30 days of the end of the due diligence period.

Executive Vice President Slottow said that the following members of the due diligence team were present in case the regents had questions: Associate Vice President Hank Baier; assistant general counsel Ciara Comerford; Fred Blickle, vice president, Conestoga-Rovers & Associates; John G. Cameron, Jr., partner, Dickinson Wright PLLC; Jeffrey Hausman, vice president, SmithGroup; and Sharon R. Newlon, partner, Dickinson Wright PLLC. The consultants responded to questions from the regents about the condition of the site from an environmental perspective and the methods used to assess environmental conditions; whether there are any issues with respect to the title or survey work; the methods used to assess the site infrastructure and whether there was adequate time to complete a detailed assessment of such a large site; and how they would characterize the interactions between Pfizer and University of Michigan officials during the due diligence period. No significant issues were encountered in any of these areas.

President Coleman expressed her appreciation to the entire team for their diligence and to the board for being so supportive of this transaction.

**Litigation Report.** Vice President Scarnecchia submitted the Litigation Report.

**Research Report.** Vice President Forrest submitted the Report of Projects Established, April 1 – April 30, 2009. He noted that the University of Michigan had just received a \$19.5 million grant for establishment of an “energy frontier research center” which will investigate solar and thermal-electric materials and devices.

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

**Division of Student Affairs.** Vice President Harper thanked the board for its support of the Residential Life Initiative (RLI), which has supported revitalization of residence halls. She noted that the agenda includes a request for approval of the 2009-2010 University Housing residence hall and Northwood Community Apartments rates, which incorporate continued funding for the RLI. She thanked staff and students participating in the rate-setting process. She reported that cost containment efforts for fiscal year 2010 include reduction in overtime and temporary employment, savings in residential dining services, and reduced expenses in residence hall room telephone service. Two percent of the proposed residence hall rate increase is devoted to the RLI, and 1.9% for the general cost of operations.

Vice President Harper also highlighted the recommended appointment of Laura Blake Jones as associate vice president and dean of students.

**University of Michigan-Dearborn.** Chancellor Little highlighted the proposed appointment of Catherine A. Davy as provost and vice chancellor for academic affairs.

**University of Michigan-Flint.** Chancellor Person reported on several events that had recently occurred on the Flint campus, and also welcomed Dr. Pescovitz, noting that that they are former colleagues from the University of Indiana.

**Michigan Student Assembly Report.** Mr. Abhishek Mahanti, president of Michigan Student Assembly, reported that the presidents of each of the three campus's student government body planned to form a presidents' council to enhance collaboration. He reviewed a variety of initiatives being planned for the upcoming year.

**Voluntary Support.** Vice President May submitted the report of voluntary support for April 2009. He described an event that had recently been held—the first of its kind—to thank all of the donors who had given tens of millions of dollars for University-wide scholarships.

**Personnel Actions/Personnel Reports.** Provost Sullivan submitted a number of personnel actions and personnel reports, noting that the agenda includes the annual recommendations for promotion and tenure. She described the process used to evaluate the promotion and tenure cases, culminating in the 149 cases from the instructional tracks that were being submitted for approval. She highlighted the cases of Goncalo Abecasis, being recommended for promotion to professor of biostatistics, with tenure, in the School of Public Health; David Doris, recommended for promotion to associate professor of Afroamerican and African Studies, with tenure, and associate professor of art, with tenure, in the College of Literature, Science, and the Arts; Joseph Himle, recommended for promotion to associate professor of social work, with tenure, in the School of Social Work and associate professor of psychiatry, with tenure, in the Medical School; Adam Matzger, recommended for promotion to professor of chemistry, with tenure, in the College of Literature, Science, and the Arts; Elizabeth Moje, recommended for promotion to professor of education, with tenure, in the School of

Education; and Michael Solomon, recommended for promotion to professor of chemical engineering, with tenure, and professor of macromolecular sciences and engineering, without tenure, in the College of Engineering.

Executive Vice President Pescovitz highlighted the following Medical School cases: Jimo Borjigin, recommended for promotion to associate professor of molecular and integrative physiology, with tenure; Eve Kerr, recommended for promotion to professor of internal medicine, with tenure; Marci Lesperance, recommend for promotion to professor of otolaryngology, with tenure; and Kinh Luan Dinh Phan, recommended for promotion to associate professor of psychiatry, with tenure.

Chancellor Little highlighted the cases of Camron Amon, recommended for promotion to professor of history, with tenure; Susan Everett, recommended for promotion to associate professor of education, with tenure; Nancy Wrobel, recommended for promotion to professor of psychology, with tenure; and Armen Zakarian, recommended for promotion to professor of industrial and manufacturing systems engineering, with tenure.

Chancellor Person highlighted the cases of Donna Fry, recommended for promotion to professor of physical therapy, with tenure, and Christine Waters, recommended for promotion to professor of art, with tenure.

**Retirement Memoirs.** Vice President Churchill submitted 23 faculty retirement memoirs.

**Memorials.** No deaths of active faculty members were reported to the Regents this month.

**Degrees.** There are no actions with respect to degrees this month.

**Approval of Consent Agenda.** On a motion by Regent Maynard, seconded by Regent Deitch, the Regents unanimously approved the consent agenda.

### **Law School Academic Building and Hutchins Hall Law School Commons Addition**

On a motion by Regent Richner, seconded by Regent Taylor, the Regents unanimously approved issuing the Law School Academic Building and Hutchins Hall Law School Commons Addition Project for bids and awarding construction contracts providing that bids are within the approved budget.

### **Intercollegiate Soccer Stadium**

Regent Taylor moved approval of the Intercollegiate Soccer Stadium project as described and authorization for commissioning Jickling Lyman Powell Associates, Inc. for its design. Regent Newman seconded the motion. Executive Vice President Slottow clarified that the project is to be funded from Athletic Department resources and gifts. The vote was then taken and the motion was approved unanimously.

### **Naming of the Biomedical Science Research Building Auditorium**

On a motion by Regent White, seconded by Regent Newman, and in recognition of a significant commitment from D. Dan and Betty Kahn, the Regents unanimously approved designating the Biomedical Science Research Building auditorium the D. Dan and Betty Kahn Auditorium.

### **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 Newman, seconded by Regent Ilitch, the Regents unanimously approved the following agreements:

### **Authorization for approval of Athletic Department Summer Camp Contracts**

The regents approved authorization for head coaches in the Athletic Department to operate summer camps and to contract with the Athletic Department for use of facilities. Because the head coaches are also University of Michigan employees, the summer camp contracts fall under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the contracts are the following head coaches: Joe McFarland (Michigan Wrestling Camp LLC) (wrestling), Kevin Borseth (KPB Mich, Inc.) (women's basketball), Mark Rosen (Michigan Volleyball Camp Inc.) (volleyball), Bruce Berque/Ronnie Bernstein (Wolverine Tennis LLC) (tennis), Matt Anderson (Anderson Polo LLC) (water polo), Mark Rothstein (Rothstein Rowing LLC) (crew), Andrew Sapp (Andrew Sapp LLC) (golf), Chris Bergere (Michigan Diving Club LLC) (Diving), Kurt Golder (Wolverine Gymnastics Camp LLC) (men's gymnastics), James Henry (Maximum Performance Team) (speed & agility), Fred LaPlante (Michigan Track and Field Camp of Champions LLC) (track), Jim Richardson (Wolverine Swim Camp Inc.) (swimming), Red Berenson (Red Berenson's Hockey Camp Inc.) (hockey), John Beilein (John Beilein Michigan Basketball Camp LLC) (men's basketball), Steve Burns (Michigan Men's Soccer LLC) (men's soccer), Greg Ryan (Michigan Women's Soccer Camp, LLC) (women's soccer); Rich Maloney (Rich Maloney's Michigan Baseball Camp LLC) (baseball), Carol Hutchins (Carol Hutchins LLC) (softball), Jennifer Brundage (Jennifer Brundage LLC) (softball 2), Marcia Pankratz (4 Goals LLC) (field hockey), Bev Plocki (Michigan Gymnastics Camp, Inc.) (women's gymnastics), Mike McGuire (Michigan Distance Camp (unincorporated) (distance), and Rich Rodriguez (Rich Rodriguez Football Camp, LLC) (football).
2. Under the terms of the contracts, the coaches, individually or through a company owned wholly or in part by the coach, will contract with the University for use of athletic facilities, according to a standard rental schedule and standard terms and conditions for athletic facility use and certain standard terms and conditions under a contract approved by the Office of the General Counsel and Risk Management. The Athletic Department will receive compensation of \$31 per camper plus utility charges.
3. The coaches' pecuniary interest arises from their ownership interest in the summer camps.

### **Authorization to enter into an agreement with Biodiscovery-llc/d/b/a MYcroarray.com**

The regents approved an agreement between the College of Engineering Department of Chemical Engineering and Biodiscovery-llc d/b/a MYcroarray.com ("MYcroarray.com") for the

purchase of custom-made microarrays. Because Erodogan Gulari, a University of Michigan employee, is also a partner of MYcroarray.com, 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 College of Engineering Department of Chemical Engineering and Biodiscovery-llc d/b/a MYcroarray.com.
2. The agreement is for the purchase of custom made microarrays for the organism Burkholderia cenocepacia. The microarrays will be purchased in batches of 25 due to customization intervals as required by the progression of the research. The estimated cost of the microarrays is \$228 per unit with minimal shipping expense. The agreement is not to exceed \$50,000 in total through 2011.
3. The pecuniary interest arises from the fact that University of Michigan employee Erdogan Gulari is a partner of MYcroarray.com.

#### **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 the 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 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 three years, beginning February 1, 2009 through January 31, 2012, at a monthly rate of \$5,271.32 for the first two years and \$5,429.13 for the third year. The 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 an owner of Milcom, Inc.

#### **Non-disclosure Agreement between the University of Michigan and OncoMed Pharmaceuticals, Inc.**

The regents approved a non-disclosure agreement with OncoMed Pharmaceuticals, Inc. (“OncoMed”). OncoMed has licensed a number of technologies from the University and has

entered into a business partnership with GlaxoSmithKline (“GSK”) for which the business details need to be disclosed to the University as part of OncoMed’s obligation through its license. Because Dr. Max Wicha and Dr. Sean Morrison, University of Michigan employees, are also partial owners of OncoMed, 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 OncoMed Pharmaceuticals, Inc.
2. Agreement terms require the University to maintain the information disclosed by OncoMed as confidential until 10 years after the expiration or termination of the business partnership with GSK.
3. The pecuniary interests of Drs. Wicha and Morrison arise from their ownership interest in OncoMed.

**Subcontract Agreement between the University of Michigan and Nymirum, Inc.**

The regents approved a subcontract agreement with Nymirum, Inc. (“Company”) which will enable the Company to fund a research project at the University that will be carried out by Dr. Al-Hashimi. Because Dr. Al-Hashimi and Dr. Michael Pape, University of Michigan employees, are also partial owners of the Company, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and Nymirum, Inc.
2. The University’s standard contract provisions will apply to the University’s part of the project. The period of performance for the project is one (1) year and the amount of funding support is \$64,890. Since agreements are often amended, the contract will include provisions for changes in time, amount, and scope of the project. 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 Dr. Al-Hashimi and Dr. Michael Pape arise from their status as partial owners of Nymirum, Inc. Dr. Al-Hashimi’s participation in this project will only be in his capacity as an employee of the University.

### **Subcontract Agreement between the University of Michigan and Arbor Photonics, Inc.**

The regents approved a subcontract agreement with Arbor Photonics, Inc. (the “Company”) which will allow the Company to fund research to be conducted at the University of Michigan by Dr. Almantas Galvanauskas. Because Dr. Galvanauskas, a University of Michigan employee, is also part 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 Arbor Photonics, Inc.
2. Under the project, a total subcontract of \$1,100.00 is anticipated to cover several hours of a doctoral student’s effort over the period of one week during the six (6) month period of the prime contract between the Navy and the Company. Since agreements are often amended, the contract will include provisions for changes in time, amount, and scope of the project. University procedures for approval of these changes will be followed and additional review by the Conflict of Interest Review Committee will be done as appropriate.
3. Dr. Galvanauskas’ pecuniary interest arises from his status as part owner and member of the board of directors of Arbor Photonics, Inc.

### **Research Agreement between the University of Michigan and LimnoTech, Inc.**

The Regents approved a research agreement between the University of Michigan and LimnoTech, Inc. for the project, “Lake Michigan Modeling.” The agreement will allow LimnoTech to conduct off-campus research at the Great Lakes Environmental Research Lab. Because Dr. Peter Adriaens, a University of Michigan employee, is also a part-time staff member at LimnoTech, 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 LimnoTech, Inc.
2. The University will enter into an agreement with the Company for off-campus research to be performed at the Great Lakes Environmental Research Lab for a period of five (5) months. The amount of the contract is \$8,000. The University will use

standard sponsored project accounting procedures in administering the project. The budget has been reviewed and approved by an authorized representative of each department and school/college where the project is to be performed.

3. Dr. Adriaens has no involvement with the proposed project, and the principle investigator, Dr. Glenn Allen Burton, has no financial or management interest in the Company.

### **Approval of the 2009-2010 University Housing Residence Hall and Northwood Community Apartments Rates**

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved rate increases of 3.9% for residence halls and 1.9% for Northwood Community Apartments for 2009-2010, as described in the Regents Communication.

### **Approval of Academic Calendar for 2011-2012**

On a motion by Regent Maynard, seconded by Regent Richner, the Regents unanimously approved the 2011-2012 academic calendar for the Ann Arbor campus.

### **Change in Name of the School of Management to the College of Business at the University of Michigan-Dearborn**

On a motion by Regent Taylor, seconded by Regent White, the regents unanimously approved changing the name of the University of Michigan-Dearborn School of Management to the College of Business. It was noted that the relevant changes to the Regents' Bylaws will be made at a later date.

### **Public Comments**

The regents heard comments from the following individuals, on the topics indicated: Adam Pascarella, student and editor-in-chief of the Michigan Review, regarding the office space allocation bureaucracy; Pauline Migiliore, alumna, regarding reciprocal fees and tuition hours between campuses; Ashwin Lalendran, student, about a proposed tuition increase; and Douglas Radcliff North, alumnus, about his vehicle, the "M Deuce Coupe."

There being no further business, the meeting was adjourned at 4:50 p.m. The next meeting is scheduled for June 16, 2009.