

JULY MEETING, 2008

*The University of Michigan
Ann Arbor
July 17, 2008*

The Regents convened at 3:05 p.m. in the Regents' Room. Present were President Coleman and Regents Darlow, Deitch, Maynard, McGowan, Newman, 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, Vice President Lampe, Chancellor Little, Vice President May, Vice President Scarnecchia, Executive Vice President Slottow, Provost Sullivan, and Vice President Wilbanks.

Call to Order

President Coleman called the meeting to order and welcomed people to the meeting.

President's Opening Remarks

President Coleman reported that the University of Michigan had just been recognized as one of the best colleges to work for in a *Chronicle of Higher Education* survey. She also made note of grants that had recently been awarded by the Michigan Initiative for Innovation and Entrepreneurship, a consortium of the state's 15 public universities working in partnership with private foundations, meant to accelerate the state's economy. President Coleman called attention to the University's solar car team, which is participating in the 2008 North American Solar Challenge, and to the fact that a number of Michigan students, staff, and alumni are participating in the Summer Olympics in Beijing. Finally, she noted that alumnus Dr. Benjamin Carson was recently awarded the Presidential Medal of Freedom.

Resolution in Honor of Jack Kay

Regent Maynard called Interim Chancellor Jack Kay to the podium. She commented that during his service as interim chancellor he had been “such a wonderful and positive part of the Flint community and the UM-Flint community,” and read the following resolution:

Regents’ Resolution

The Regents of the University of Michigan salute Jack Kay as he completes his term as interim chancellor, University of Michigan-Flint, on August 17, 2008, to resume his position as provost and vice chancellor for academic affairs and professor of communication.

Interim Chancellor Kay has led the Flint campus for nearly 19 months, first as acting chancellor, and then as interim chancellor. Under his leadership, the campus has thrived. Following approval for construction of the campus’s first residence hall, he moved the project forward to the point where it will be providing a home for its first residents during the fall 2008 semester. Chancellor Kay oversaw the establishment of Genesee Early College, the state’s first early college high school, on the Flint campus in 2007, providing a unique education for students with career aspirations in the health professions. During 2007 as well, enrollment on the Flint campus increased by more than 5 percent, including a 20 percent increase in first year students and a 13 percent increase in graduate students. These enrollment increases are partly the result of new degree programs, increased online options, and scheduling flexibility, all of which have been instituted under Chancellor Kay’s leadership. His efforts at maintaining the strong campus tradition of community service and civic engagement were recognized earlier this year when the Flint campus was named to the President’s Higher Education Community Service Honor Roll for exemplary service efforts and service to disadvantaged youth. This is the highest federal recognition a school can achieve for its commitment to service-learning and civic engagement.

The Regents express deep gratitude to Jack Kay for his forthright, insightful, and gracious leadership and for providing stability during an important transitional period for the Flint campus. We are happy that we will have the benefit of his service in the years to come.

A round of applause followed. Interim Chancellor Kay thanked the Regents and President Coleman for allowing him the privilege of serving in this capacity.

Dean's Report: College of Pharmacy

President Coleman introduced Frank Ascione, dean of the College of Pharmacy. Dean Ascione noted that the college is recognized nationally and internationally as the first pharmacy school to emphasize a science-based curriculum. It is a research intensive college that offers the Doctor of Pharmacy (professional) degree and a Doctor of Philosophy graduate degree, in addition to a small Bachelor of Science program. He pointed out that while the College of Pharmacy is a small school with 395 students, it plays a significant role within the University and plans to eventually increase its enrollment to about 450. He reported that the college has intensely loyal alumni and a very active donor base, with the highest giving rate among University units.

Dean Ascione noted that his faculty work extensively with a number of other schools and colleges, including the Medical School, College of LS&A, College of Engineering, College of Dentistry, School of Nursing, and the business school in its major research area of the drug discovery, development, and use process. He described the educational path followed in obtaining the various pharmacy degrees, the types of positions available to graduates, and plans that are underway to expand professional educational experiences and develop additional degree programs. Although the college's research quality and productivity are highly ranked, there are plans to improve the research infrastructure and hire additional faculty and staff. He also reported that 10 of the 13 scientists hired by the University from Pfizer Corporation were placed in the College of Pharmacy.

Conflict of Interest/Conflict of Interest Policies

Professor Christina Whitman updated the Regents on the University's Conflict of Interest/Conflict of Commitment Initiative. She reported that every unit in the University now has a policy that conforms to the University's guidelines, and the units understand that these policies are the first point of reference when a potential conflict arises. There are resources and tools available to help new units or units with existing policies to develop or revise their policies as necessary.

Professor Whitman discussed examples of a policies from non-academic and academic units; these have quite different emphases due to the nature of the focus of these units. She noted that faculty with joint appointments are subject to the policies of each unit. As a follow up on this initial work in establishing policies in each unit, she suggested that a it might be worthwhile to examine whether the policies are being consulted regularly and their expectations being taken seriously, and to consider whether any changes or additional specificity might be advisable.

Regent White thanked Professor Whitman for her efforts in leading this initiative.

Committee on the Economic Status of the Faculty (CESF) Report - Ann Arbor Campus

Professor Fred Askari, chair of the Ann Arbor CESF, presented the committee's annual report. He noted that because a large percentage of faculty here and elsewhere are eligible to retire, Michigan will be competing with universities nationwide in hiring the best faculty. Therefore, benefits, salaries, and other aspects of employment at the University will need to be highly competitive. The committee therefore made a number of recommendations aimed at making the University a model academic employment destination for both faculty and staff. The committee also made recommendations with respect to benefits, including providing dependent

tuition support for the Ann Arbor campus that is at least consistent with that provided at Dearborn and Flint, if not the level of tuition support that is provided at peer academic institutions.

Committee on the Economic Status of the Faculty (CESF) Report - Dearborn Campus

Professor Lee Redding submitted the report for the Dearborn campus. He emphasized the importance of merit pay, both for recognizing the achievements of current faculty and as a recruiting tool for new faculty. He praised the efforts of the administration in recognizing the importance of this and other economic status issues, especially given the challenging economic times for the state.

Committee on the Economic Status of the Faculty (CESF) Report - Flint Campus

Professor Shan Parker presented the CESF report for the Flint campus. She praised the efforts of the current administration for recognizing and supporting faculty concerns about salary compression issues, but pointed out that University of Michigan-Flint salaries remain lower than those at peer and regional competitive institutions, especially at the associate and full professor levels. Another concern of Flint faculty is the fact that salary growth for Flint faculty has been lower than that on the Ann Arbor and Dearborn campuses. The committee recommends that 2008-2009 salary increases be comparable to those at peer institutions, including the Dearborn campus, and that the “loyalty penalty” affecting salaries of full professors be addressed.

Committee Reports

Finance, Audit and Investment Committee. Regent White, chair of this committee, reported that she and fellow committee members Regents Maynard, McGowan, and Deitch, as well as President Coleman, had attended this meeting. Associate Vice President Laurita Thomas,

together with business analyst Tom Palmer, presented the human capital report examining expected changes to the work force in the next decade. The second agenda item concerned a follow-up to a previous session on WFUM-TV financial challenges. Participants included Vice President Lampe, Steve Schram, director of Michigan Public Media, and Associate Vice President Peggy Norgren. The committee also received a bi-monthly update from Carol Senneff, executive director of university audits.

Personnel, Compensation and Governance Committee. Regent Richner, chair of this committee, reported that he and fellow committee members Regent Darlow and Regent Newman attended the meeting. The agenda included a report from Provost Sullivan on dean and other senior leadership searches, an update on good governance practices by Vice President Scarnecchia, an update from Associate Vice President Norgren on travel policies, and report on staff recruitment and retention from Associate Vice President Laurita Thomas.

President Coleman then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of June 19, 2008.

Reports. Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report, the University Human Resources Report, and the Regents Report on Non-Competitive Purchases over \$5,000 from Single Sources, March 16-June 15, 2008.

Litigation Report. Vice President Scarnecchia submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Projects Established, June 1 - June 30, 2008.

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

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

University of Michigan-Dearborn. Chancellor Little commented that the Dearborn campus has been very active and lively during the summer months. He also called attention to the request in the agenda for a lease with Oakwood Healthcare for a child development center, noting how important of an initiative this is for the Dearborn campus.

University of Michigan-Flint. Interim Chancellor Kay reported that only a few spaces remain at this point in the newly completed residential housing complex.

Michigan Student Assembly Report. Ms. Sabrina Shingwani, president of MSA, reported on some of the initiatives MSA has underway for the fall semester, including welcome week, homecoming week, and the Voice Your Vote campaign. She thanked members of the administration for their wholehearted support of MSA's activities on behalf of students.

Voluntary Support. Vice President May submitted the Report of Voluntary Support for June 2008. He reported that Ms. Shingwani is participating in the "Development Internship Program" sponsored by the Office of Development, and noted that this program had just been awarded the highest national award from CASE (Counsel for the Advancement and Support of Education).

Personnel Actions/Personnel Reports. Provost Sullivan submitted a number of personnel actions and personnel reports. She highlighted the appointment of Monica Ponce de Leon as dean of the A. Alfred Taubman College of Architecture and Urban Planning and the appointments of five faculty members as distinguished university professors.

Retirement Memoirs. Vice President Churchill submitted 4 faculty retirement memoirs.

Memorials. Vice President Churchill submitted a memorial statement for Loretta J. Dauwe, professor of physics at the University of Michigan-Flint.

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

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

Alternative Asset Commitments

Executive Vice President Slottow informed the Regents about the following follow-on investments from the Long Term Portfolio with previously approved partnerships: \$50 million to Lime Rock Partners V, L.P., \$10 million to KPCB XIII, LLC, and \$7 million to KCPB Green Growth Fund, LLC.

Absolute Return Investment

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved a commitment of up to \$75 million from the Long Term Portfolio to SPO Partners II, L.P.

Camp Davis Rocky Mountain Field Station Cabin Replacement and Infrastructure Improvement

On a motion by Regent McGowan, seconded by Regent Maynard, the Regents unanimously approved the Camp Davis Rocky Mountain Field Station Cabin Replacement and Infrastructure Improvement Project, as described in the Regents Communication.

W.K. Kellogg Institute and Dental Building Information Technology Infrastructure Upgrade

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved the W.K. Kellogg Institute and Dental Building Information Technology Infrastructure Upgrade Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Life Sciences Institute Building Cryo-Electron Microscopy Suite

On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved the Life Sciences Institute Building Cryo-Electron Microscopy Suite Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Modern Languages Building Chilled Water Plant Expansion

On a motion by Regent Richner, seconded by Regent White, the Regents unanimously approved the Modern Languages Building Chilled Water Plant Expansion Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

953 Wall Street, Ann Arbor, Michigan

On a motion by Regent White, seconded by Regent Newman, the Regents unanimously approved acquisition of the property at 953 Wall Street, Ann Arbor, Michigan at the negotiated price of \$790,000, subject to the University satisfying itself with the environmental condition of the site and otherwise completing due diligence.

1059 Wall Street, Ann Arbor, Michigan

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved acquisition of the property at 1059 Wall Street, Ann Arbor, Michigan at the negotiated price of \$162,600, subject to the University satisfying itself with the environmental condition of the site and otherwise completing due diligence.

Michigan Wrestling Center

On a motion by Regent Newman, seconded by Regent McGowan, the Regents unanimously approved issuing the Michigan Wrestling Center Project for bids and awarding construction contracts providing that bids are within the approved budget.

4.82 Acres of Vacant Land in the Matthaei Botanical Gardens, Superior Township, Washtenaw County, Michigan-

Executive Vice President Slottow noted that the Matthaei family had previously donated adjacent parcels of land to the University of Michigan for use as a botanical garden, and to the Humane Society of Huron Valley for use as an animal shelter. The Humane Society has requested leasing from the University approximately 4.82 acres of University-owned vacant land on Cherry Hill Road, adjacent to the present Humane Society, for construction of a new facility. On a motion by Regent McGowan, seconded by Regent Maynard, the Regents unanimously approved authorizing the executive vice president and chief financial officer to execute a ground lease for the 4.82 acres of land located in the Matthaei Botanical Gardens, Superior Township, Washtenaw County, Michigan, to the Humane Society of Huron Valley at the rent of \$240,035 for the term of 65 years.

University of Michigan Hospitals and Health Centers Data Center Project

On a motion by Regent Maynard, seconded by Regent Newman, the Regents unanimously approved issuing the University of Michigan Hospitals and Health Centers Data Center Project for bids and awarding construction contracts providing that bids are within the approved budget.

University of Michigan-Dearborn Oakwood Rotunda Center Lease for School of Education Child Development Center

Executive Vice President Slottow noted that Regental approval is required for any lease over 10 years, and the request is for an 18-year lease agreement with Oakwood Healthcare, Inc., for space to be used to house the University of Michigan-Dearborn School of Education's Child Development Center. On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved a lease from Oakwood Healthcare, Inc. of 14,769 square feet of space at the Oakwood Rotunda Center, Rotunda Boulevard, Dearborn, Michigan.

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 Darlow, the Regents unanimously approved the following agreements:

Lease Agreement with Oakwood Healthcare, Inc.

The Regents approved a lease agreement for 14,769 square feet of property located at Oakwood Rotunda Center, Rotunda Boulevard, Dearborn, Michigan, to be leased from Oakwood Healthcare, Inc. Because Daniel Little, a University of Michigan employee, is also a member of the board of trustees of Oakwood Healthcare, Inc., 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 agreement are the Regents of the University of Michigan and Oakwood Healthcare, Inc.
2. The service to be provided is the lease of 14,769 gross square feet in a building at Oakwood Rotunda Center, Rotunda Boulevard, Dearborn, Michigan, for 18 years, estimated to commence on September 1, 2008 through August 31, 2026, at a monthly rate of \$17,759.72 for years 1-3; \$18,990.47 for years 4-6; \$20,221.22 for years 7-9; \$21,451.97 for years 10-12; \$22,682.72 for years 13-15; and \$23,913.47 for years 16-18. Tenant will be responsible for electric usage and 38.14% of the operating expenses of the building. Approximately \$300,000 of leasehold improvements will be needed, to be constructed by the landlord and reimbursed by the University. In addition, the University, subject to its approval, will pay increased operating expenses for future capital improvements.
3. The pecuniary interest arises from the fact that Daniel Little, a University of Michigan employee, is serving on the Board of Trustees of Oakwood Healthcare, Inc.

License Agreement between the University of Michigan and LivingText

The Regents approved a license agreement for licensing of the University of Michigan technology “Web-based Interactive Classroom System: LectureTools” (UM File OTT No. 3536) to LivingText. Because Perry Samson, a University of Michigan employee, is also a partial owner of LivingText, 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 LivingText.
2. Agreement terms include giving LivingText a non-exclusive license. The University will retain ownership of the licensed technology and may continue to further develop it, use it internally, and license it to others. 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. Perry Samson’s pecuniary interest arises from his ownership interest in LivingText.

Purchase from Accuri Cytometers, Inc.

The Regents approved a purchase from Accuri Cytometers, Inc. (“Accuri”) of two flow cytometers. Because Thomas Kinnear and Steve Skerlos, University of Michigan employees, are

also stockholders and members of Accuri, 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 agreement are the Regents of the University of Michigan and its Medical School's Department of Pediatrics and Communicable Diseases, Life Sciences Institute, and School of Dentistry, and Accuri.
2. The purchase from Accuri includes two C6 Flow Cytometers, software and maintenance kits. Total cost is \$83,100.
3. The pecuniary interest arises from the fact that Thomas Kinnear and Steve Skerlos, University of Michigan employees, are stockholders and members of Accuri.

Research Agreement between the University of Michigan and the Institute for Social and Environmental Research

The Regents approved a research agreement between the University of Michigan and the Institute for Social and Environmental Research (ISER) under which a portion of the work on an award to the University from the National Institutes of Health (NIH) will be done by ISER. Because Dirgha Ghimire, a University of Michigan employee, is also director and member of the board of directors of ISER, 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 Institute for Social and Environmental Research.
2. The terms of the proposed agreement are acceptable and conform to University policy. The period of performance is April 2008 through March 2013. The grant from NIH includes a fee for service contract with ISER in the amount of \$947,330 over the 5 years of the project.
3. Dirgha Ghimire's pecuniary interest arises from his status as director and member of the board of directors of ISER.

Subcontract Agreements between the University of Michigan and InmaTech, Inc.

The Regents approved a subcontract agreement between the University of Michigan and InmaTech, Inc. ("Company"), which will enable the Company to fund projects in the College of Engineering under the direction of Levi Thompson. Because Levi Thompson, a University of Michigan employee, is also a co-owner of InmaTech, 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 agreements are the University of Michigan and InmaTech, Inc.
2. The terms of the agreements conform to University policy. The period of performance for Project A is 6 months and the amount of funding support is 35,5000; the period of performance for Project B is 6 months and the amount of funding support is \$31,500.
3. Levi Thompson's pecuniary interest arises from his status as co-owner of InmaTech, Inc. He will only participate in these agreements in his capacity as an employee of the University.

Material Transfer Agreement between the University of Michigan and ImBio, LLC

The Regents approved a material transfer agreement with ImBio, LLC, under which the University will transfer de-identified clinical magnetic resonance images of patients with tumors to ImBio for use in a research project. Because Brian D. Ross and Alnawz Rehemtulla, University of Michigan employees, are also co-founders with equity, directors and officers of ImBio, LLC, 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 ImBio, LLC.
2. Agreement terms include approving the transfer of de-identified clinical magnetic resonance images of patients with tumors to ImBio for research relating to its use in the development and evaluation of computer software algorithms for the purpose of treatment response assessment. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the agreement may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interests of Drs. Ross and Rehemtulla arise from their ownership interest in ImBio.

Amendment to License Agreement between the University of Michigan and Avidimer Therapeutics, Inc.

The Regents approved an amendment to a license agreement between the University of Michigan and Avidimer Therapeutics, Inc. ("Avidimer") to add the following files to the license approved in December 2007: UM OTT File No. 3955, "Peptide Targeted Nano Polymer Cancer

Therapeutic” and UM OTT File No. 4006, “Multi-Functional Delivery Platforms Produced Via Combinatorial Synthesis.” Because James R. Baker, Jr., a University of Michigan employee, is also part owner of, chief scientific officer for, and chairman of the board of directors for Avidimer, 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 Avidimer Therapeutics, Inc.
2. Agreement terms include granting Avidimer an exclusive license with the right to grant sublicenses. Avidimer will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the agreement may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. James Baker’s pecuniary interests arise from his ownership interest in Avidimer.

Henry Russel Awards for 2009

President Coleman informed the Regents that the following individuals had been selected to receive the Henry Russel Awards for 2009: Luming Duan, associate professor of physics; Anna M. Grzymala-Busse, associate professor of political science; and Laura K. Kasischke, associate professor of English language and literature and associate professor of the Residential College.

Henry Russel Lecturer for 2009

President Coleman informed the Regents that Lennard Fisk, Thomas M. Donahue Distinguished University Professor of Space Science, and professor of atmospheric, oceanic and space sciences, has been selected as the Henry Russel Lecturer for 2009.

Modifications of the Position Descriptions and Review Guidelines for the Research Scientist and Research Professor Tracks

Vice President Forrest reported that a review of the status of the research faculty tracks indicated that there is some ambiguity in the current guidelines for and descriptions of these titles. Thus, some changes are being made to clarify the position descriptions and to create a research faculty track that will be viewed as equitable and desirable, with a clear path for career advancement. The specific changes are highlighted in the Regents Communication.

Proposed “Housekeeping” Amendments to Regents’ Bylaws and the Finance, Audit and Investment Committee Charter

On a motion by Regent Richner, seconded by Regent Maynard, the Regents unanimously approved a number of non-substantive revisions to Regents’ Bylaws in Chapters I, II, VIII, IX, XI, XII, and XIII, and to the Finance, Audit and Investment Committee Charter. The changes can be found in the Appendix on page X. (INSERT BYLAWS REVISIONS)

Public Comments

The Regents heard comments from Diane Hofsess, alumna, on admissions policies, and Rishi Moudgil, alumnus, on the Order of Angell.

There being no further business, the meeting was adjourned at 5:00 p.m. The next meeting is scheduled for September 18, 2008.