

JULY MEETING, 2009

*The University of Michigan
Ann Arbor
July 16, 2009*

The regents convened at 2:15 p.m. in Regents' Room. Present were President Coleman and Regents Darlow, Deitch, Maynard, Ilitch, Richner, and White. Also present were Vice President and Secretary Churchill, Chancellor Little, Vice President May, Chancellor Person, Executive Vice President Pescovitz, Vice President Scarnecchia, Executive Vice President Slottow, Provost Sullivan, and Vice President Wilbanks. Regents Newman and Taylor and Vice President Lampe were absent.

Call to Order and President's Opening Remarks

President Coleman called the meeting to order. She called attention to the fact that the University of Michigan Hospitals and Health Centers have been named among the best in the nation by *U.S. News & World Report*, and that the University has been named a "great place to work" by the *Chronicle of Higher Education* for the second consecutive year. She also noted that President Obama had appointed a former faculty member, Dr. Francis Collins, as director of the National Institutes of Health. She concluded by recognizing the death of Gary Winisky, a construction worker, who had died recently at the work site of the new C.S. Mott Children's and Women's Hospital.

Regents' Resolution in honor of Robert Kelch

President Coleman called on Regent Richner, chair of the Board of Regents. Regent Richner invited Dr. Robert Kelch, former executive vice president for medical affairs, to the podium, and read the following resolution:

Regents' Resolution

The Regents of the University of Michigan salute Robert P. Kelch as he completes his service as executive vice president for medical affairs on September 14, 2009.

When Dr. Kelch assumed this position in 2003 after having served in top leadership roles at the University of Iowa, he was returning home, to the institution where he had been trained and had built his career as a clinician, researcher, and administrator. In appointing him to the EVPMA position, President Mary Sue Coleman described the leadership, depth of experience, and vision that Dr. Kelch would bring to the University, and these were prescient words indeed for his extraordinary accomplishments during six years at the helm of the University of Michigan Health System.

Under his leadership, the UMHS experienced unprecedented capital growth and expansion, including completion of the Rachel UpJohn Building, home of the nation's first comprehensive depression center, the Biomedical Science Research Building, and the Cardiovascular Center. The health system also launched construction of the Kellogg Eye Center Expansion Project and the new Children's and Women's Hospital, and purchased the former Pfizer property, with its promise as a transformative milestone in the University's history. Equally important are the changes in internal culture that Dr. Kelch brought to the health system, where he fostered an atmosphere of collaboration, teamwork, and innovation. These values, focusing on the outcomes that can be achieved through collective intelligence, now permeate every aspect of the health system, from patient care to research to the design of new buildings, and serve as a lasting legacy of Dr. Kelch's vision.

It is with the utmost respect, gratitude, and admiration that the Regents acknowledge his incomparable contributions and name Robert P. Kelch executive vice president emeritus for medical affairs.

A standing ovation followed. Dr. Kelch responded by thanking his wife and acknowledging her support during their 46 years of marriage. He also thanked President Coleman, the regents, and the executive officers for all of their support.

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

Professor Fred Askari, chair of the Committee on the Economic Status of the Faculty, presented the CESF report for the Ann Arbor campus. He pointed out that the University is recognized as being in the top tier for collaborative governance. He noted that because 50% of the faculty will be eligible for retirement in a few years, salaries and benefits need to continue to

be competitive to help in recruitment and retention efforts. He acknowledged the “fine job” being done in budgetary planning by the regents and administration but also expressed the continuing concern of the faculty about retiree health benefit obligations and other issues affecting retirees, current faculty members, and recruitment and retention.

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

Professor Karen Strandholm presented this report. She cited a study comparing faculty salaries on the Dearborn campus with those at peer institutions which found that that over 90% of assistant, associate, and full professors at the UM-Dearborn are being paid within 90% of the salaries at peer institutions, and more than 50% in each category are being paid above the average.

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

Professor Aviva Dorfman expressed appreciation regarding efforts have been made to make salaries on the Flint campus comparable with those at peer institutions. She expressed the committee’s concern about the decline in the number of tenure and tenure-track core faculty that coincides with increases in the number of full- and part-time lecturers and full-time professional and administrative positions, growth in student enrollment and in academic programs. Recommendations include convening a campus discussion to consider the implications to the mission and academic quality of the Flint campus if the trends outlined in the report continue, and to continue the efforts to improve salaries until they are comparable with those at peer institutions.

Transportation and Parking Services Strategic Plan Update

Associate Vice President Hank Baier presented an update on transportation and parking. He described the variety of choices the University offers for commuters, including parking at

core, peripheral, and off-site locations, free rides on AATA buses and free parking at one of three Park & Ride lots, University buses, vanpools and carpools, commuter express bus service, car-sharing through Zipcars, and guaranteed “ride home” cab service which provides rides for commuters without a car on campus in case of emergency.

Mr. Baier noted that ridership on UM buses has increased by 26% since 2004, while service hours have increased by only 14%. During this time period, UM ridership on AATA buses nearly doubled, accounting for nearly two-thirds of the total increase in ridership during that period on AATA buses. The subsidy provided by the University to the AATA, plus federal dollars from UM bus ridership brought into the regional system, covers nearly the full fare for every UM rider on the AATA bus system. To further encourage alternative transportation, the University also subsidizes van pools.

Mr. Baier reviewed plans surrounding current parking and transportation projects. He reported that with the addition of 200 surface spaces to be added on Wall Street in the near future, the planned Wall Street parking deck has been placed on hold. At the same time, the University is holding discussions with Ann Arbor city officials on the idea of developing a Fuller Road intermodal transportation station that would provide some sort of transportation linkage, with parking, between the North Campus area and medical campus. The recently acquired North Campus Research Complex includes 2,800 parking spaces, and it is expected that this parking area, along with a new Park and Ride lot at US-23 and Plymouth Road, can be used for remote parking for health system employees.

Mr. Baier displayed a map indicating how proposed commuter rail systems could be used by UM employees, and noted that if these systems are put in place, the University would

consider subsidizing the fares for employees who use them. An additional subscription bus service route to Canton is under consideration.

In response to a question, Mr. Baier noted that the Zipcar service has grown from 4 to 13 cars, making it a successful program. Executive Vice President Slottow pointed out that the economic model of subsidizing commuter transportation, which reduces that number of parking structure spaces needed on campus and contributes to the University's sustainability efforts, is a "win-win" situation for the University.

Committee Reports

Finance, Audit and Investment Committee. Regent White reported that attendees at that morning's meeting had included Regents Ilitch and Maynard, Executive Vice President Slottow, and for part of the meeting, Regent Darlow and President Coleman. Agenda topics included a review of the Human Capital Report, with Associate Vice President Laurita Thomas, Senior Business Analyst Tom Palmer, and UMHS Chief Human Resources Officer Deb Childs. The committee also received a tax update from Ed Jennings, University tax director, and Rowan Miranda, associate vice president for finance. Carol Senneff, executive director of University audits, presented the internal audit bi-monthly update.

Personnel, Compensation and Governance Committee. Regent Richner announced that he had appointed Regent Newman as chair of this committee and had also reappointed Regent White as chair of the Finance, Audit and Investment Committee. Regent Newman had attended the committee meeting but since she could not attend the regents' meeting, she asked Vice President and Secretary Churchill, who had been in attendance, to report on the meeting.

Vice President Churchill reported that the Personnel, Compensation and Governance Committee had met that morning. It was chaired by Regent Newman, with Regent Darlow and

President Coleman in attendance for parts of the meeting. The committee reviewed the president's travel and hosting expenses with Associate Vice President Miranda, reviewed proposed housekeeping revisions to the Regents' Bylaws, received an update from Provost Sullivan on dean and director searches, and reviewed the faculty and staff recruitment and retention report for all three campuses, with special focus on the diversity report, with Associate Vice President Thomas, Tom Palmer, Deb Childs, and Provost Sullivan.

President Coleman then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of June 18, 2009.

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

Litigation Report. Vice President Scarnecchia submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Projects Established, June 1 – June 30, 2009. He reported that, to date, University of Michigan is the most successful institution in the country in the number of proposals receiving funding through the American Recovery and Investment Act, with 60 proposals funded to date.

University of Michigan Health System. Executive Vice President Pescovitz reported that for the 15th year in a row, the University of Michigan Hospitals and Health Centers have been listed in the U.S. News and World Report's honor roll of the nation's best hospitals, and is the only one in Michigan to be listed. She named some of the programs that have been ranked among the top 20 in the country.

Division of Student Affairs. Vice President Harper introduced Laura Blake Jones, associate vice president and dean of students. She reviewed all of the improvements that have been made to campus residence halls through the Residence Life Initiative (RLI) in recent years, and noted that the agenda includes a recommendation for approval of the schematic design for the renovation of Couzens Hall, the latest project to be funded through the RLI.

University of Michigan-Dearborn. Chancellor Little reported on activities on the Dearborn campus, “My Vote” and “My Earth,” that are helping to fulfill its “metropolitan impact” mission.

University of Michigan-Flint. Chancellor Person highlighted several personnel appointments on the Flint campus.

Michigan Student Assembly Report. Mr. Abhishek Mahanti, president of Michigan Student Assembly, reported on recent activities of the Michigan Student Assembly.

Voluntary Support. Vice President May noted that the reports for June, July, and August, along with the year end report, will be presented in September. He also commented on Al Glick’s generosity and his decades-long history of philanthropy at the University of Michigan.

Personnel Actions/Personnel Reports. Provost Sullivan highlighted the recommended appointments of five faculty members to distinguished university professorships, noting that this is the highest honor the University bestows on its faculty.

Retirement Memoirs. Vice President Churchill submitted 9 faculty retirement memoirs.

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

Degrees. Provost Sullivan submitted for approval the doctoral degree lists for the August 2009 commencements, final degree lists for the May 2009 commencements, and changes to previously approved degree lists.

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

Conflict of Interest Items

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

Authorization for payment to Accuri Cytometers, Inc.

The regents approved entering a payment by the Zell Luri Institute for Entrepreneurial Studies to Accuri Cytometers (“Accuri”) for subsidization of a Marcel Gani Internship (“MGI”). Because Thomas Kinnear and Steve Skerlos, University of Michigan employees, are also stockholders and members Accuri, 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 its Zell Luri Institute for Entrepreneurial Studies at the Ross School of Business (“ZLI”) and Accuri Cytometers, Inc. (“Accuri”).
2. The payment of \$7,800 is to subsidize 50% of the total salary of \$15,600 for a 12-week internship paid directly by Accuri to MBA student Patrick Walsh.
3. The pecuniary interest arises from the fact that Thomas Kinnear and Steve Skerlos, University of Michigan employees, are members of Accuri.

Subcontract Agreement between the University of Michigan and the Ann Arbor Hands On Museum

The regents approved a subcontract agreement with the research team of Professor John Keith Riles to design and construct a large-scale exhibit at the Ann Arbor Hands On Museum

and to create a smaller-scale, portable, touring exhibit suitable for temporary display across a network of domestic and foreign museums and academic institutions. Because Professor Riles, a University of Michigan (“University”) employee, is also a trustee of the Ann Arbor Hands On Museum (“Museum”), 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 amendment agreement are the Regents of the University of Michigan and the Ann Arbor Hands On Museum.
2. The University’s standard contract provisions will apply to the University’s part of the project. The period of performance is twelve (12) months and the amount of funding support is \$13,250. 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. Professor Riles has no pecuniary interest in this agreement.

Option Agreement between the University of Michigan and NeuroNexus Technologies, Inc.

The regents approved an option agreement with NeuroNexus Technologies, Inc. to option the technology “Polymer Probe Insertion Assist Backbone” (UM File No. 3927). Because Daryl Kipke, a University of Michigan employee, is also partial owner, president, CEO, and member of the board of directors of NeuroNexus Technologies, 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. The parties to the agreement are the Regents of the University of Michigan and NeuroNexus Technologies, Inc.
2. Agreement terms include granting the Company an option for an exclusive license with the right to grant sublicenses. The Company will 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 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. Kipke arise from his ownership interest in the Company.

Option Agreement between the University of Michigan and Shepherd Intelligence Systems, LLC

The regents approved an option agreement with Shepherd Intelligence Systems, LLC (“Company”) to option the University’s rights associated with the technology “Vehicle Tracking, Monitoring, and Data Distribution System (e.g.: Magic Bus)” (UM OTT File No. 3408). Because Mr. Jahan Khanna, a University of Michigan employee, is also a partial owner of Shepherd Intelligence Systems, 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 Regents of the University of Michigan and Shepherd Intelligence Systems, LLC.
2. Agreement terms include granting the Company an option to the software, including the rights to create derivatives and involve third party non-paying beta test partners. 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. The pecuniary interest of Mr. Khanna arises from his ownership interest in Shepherd Intelligence Systems, LLC.

Research Agreement between the University of Michigan and the Center for International and Region Studies (CIRS)

The regents approved a research agreement with the Center for International and Region Studies (CIRS), which has funded a study to be carried out by Arland Thornton, faculty member at the Survey Research Institute and the Institute for Social Research. The agreement will enable the Institute for Social and Environmental Research (ISER) to conduct a portion of the work funded by CIRS. Because Dr. Dirgha Ghimira, assistant research scientist in the Institute for Social Research, is also the director and member of the board of directors at 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 Regents of the University of Michigan and CIRS.
2. As co-investigator, Dr. Ghimire will work with the research staff of the ISER in Nepal through the initial data collection period, and will then return to Michigan to conclude the work and analyze the data. The grant from CIRS includes a fee for ISER personnel in the amount of \$500 for the project. The terms of the proposed agreement are acceptable and conform to University policy. The period of performance is July 1, 2009 through June 30, 2011.
3. Dr. Ghimira has no pecuniary interest in this agreement.

License Agreement between the University of Michigan and Skybox Imaging Inc.

The regents approved a licensing agreement between the University of Michigan and Skybox Imaging, Inc. (“Company”) to allow the Company to license the following technology from the University: UM OTT File No. 4444, “Satellite Ground Station Software,” and UM OTT File No. 4445, “Satellite GPS Board Design.” Because Dr. James W. Cutler, a University of Michigan employee, is also a part 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. Parties to the agreement are the Regents of the University of Michigan and Skybox Imaging Inc.
2. Agreement terms include granting the Company a design license and software site license and the Company will pay an upfront fee, an annual usage fee, and milestone payments. 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. Dr. Cutler’s pecuniary interest arises from his ownership interest in Skybox Imaging Inc.

Alternative Asset Commitment

Executive Vice President Slottow informed the regents about the commitment of \$10 million to TA XI, L.P.

Currency Overlay Manager

On a motion by Regent White, seconded by Regent Deitch, the regents unanimously approved First Quadrant L.P. as a currency overlay manager in the Long Term Portfolio.

Clarence Cook Little Science Building Third and Fifth Floor Laboratories and Offices

On a motion by Regent White, seconded by Regent Maynard, the regents unanimously approved the Clarence Cook Little Science Building Laboratories and Offices for the Department of Geology Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Alexander G. Ruthven Museums Building Fire Detection and Alarm System

On a motion by Regent Darlow, seconded by Regent Ilitch, the regents unanimously approved the Alexander G. Ruthven Museums Building Fire Detection and Alarm System Project, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget. It was noted that this is the first phase of the previously approved “Alexander G. Ruthven Museums Building Museum of Zoology Collection Relocation and Renovations Project.”

Couzens Hall Renovation

Executive Vice President Slottow introduced Mr. David Battle, senior associate designer with Integrated Design Solutions, LLC, to present the proposed schematic design for this deep renovation, which involves infrastructure repair and updating, window replacement, renovated bath facilities, and accessibility improvements, and repurposing of some areas to make the facility suitable for modern “living and learning” programming. The project is scheduled for completion in the summer of 2011. Mr. Battle reviewed the design features for each floor, pointing out areas that are to be repurposed and how the heritage features will be retained and

enhanced. He pointed out that the mechanical systems will be installed on the top of the building in an unobtrusive manner, and displayed renderings of the exterior as it will appear following the renovation.

Following the presentation, Regent Maynard moved approval of the schematic design for the Couzens Hall Renovation project as presented at the meeting. Regent Richner seconded the motion, and it was approved unanimously.

Naming of the Indoor Practice Facility for Intercollegiate Football in honor of Al Glick

On a motion by Regent White, seconded by Regent Deitch, the Regents unanimously approved designating the Indoor Practice Facility for Intercollegiate Football as the Al Glick Field House.

University of Michigan Hospitals and Health Centers University Hospital Central Sterile Supply Expansion

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved the University of Michigan Hospitals and Health Centers University Hospital Central Sterile Supply Expansion Project as described in the Regents Communication, authorized the commissioning the architectural firm of Hobbs and Black Associates, Inc. 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 Cancer Center Infusion Expansion

On a motion by Regent Maynard, seconded by Regent Richner, the Regents unanimously approved the University of Michigan Hospitals and Health Centers Cancer Center Infusion Expansion Project as described in the Regents Communication, authorized commissioning the architectural firm of Ann Arbor Architects Collaborative for its design, and authorized issuing

the project for bids and awarding construction contracts providing that bids are within the approved budget.

Henry Russel Lecturer for 2010

President Coleman informed the board that the Russel Awards Faculty Advisory Committee has selected Richard E. Nisbett, Theodore M. Newcomb Distinguished University Professor of Psychology, as the Henry Russel Lecturer for 2010.

Henry Russel Awards for 2010

President Coleman informed the board that the Russel Awards Faculty Advisory Committee has selected Cindy A. Lustig, assistant professor of psychology, and Patricia J. Wittkopp, assistant professor of ecology and evolutionary biology and assistant professor of molecular, cellular, and developmental biology, as recipients of Henry Russel Awards for 2010.

There being no further business, the meeting was adjourned at 3:45 p.m. The next meeting will take place September 17, 2009.