

SEPTEMBER MEETING, 2007

October 25, 2007

*The University of Michigan
Ann Arbor
September 20, 2007*

The Regents convened at 3:00 p.m. in the Regents' Room. Present were President Coleman and Regents Darlow, 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, Interim Vice President Hage, Vice President Lampe, Chancellor Little, Vice President May, Executive Vice President Slottow, Provost Sullivan, and Vice President Wilbanks. Regent Deitch was absent.

Call to Order

President Coleman called the meeting to order. She welcomed David Lampe, vice president for communications, and Gloria Hage, interim vice president and general counsel, to the meeting, and thanked Vice President Wilbanks for her service as interim vice president for communications.

President's Opening Remarks. President Coleman noted that the start of the new academic year has been marked by the award of two significant federal grants. The first is a \$55 million Clinical and Translational Science Award from the NIH, the largest grant ever received by the Medical School, and the second is a \$33 million grant from the NIH to the Institute for Social Research to extend its 33-year "Monitoring the Future" study for another five years.

President Coleman commented on the unprecedented academic qualifications of the new freshman class on the Ann Arbor campus, and noted that both the Dearborn and Flint campuses

have set freshman enrollment records. She commended admissions officers and faculty for their efforts in achieving these enrollment milestones.

President Coleman reported that Professor Marilyn Mason, University organist and professor of music in the School of Music, Theatre and Dance, is beginning her 60th year on the faculty this fall, and congratulated her on achieving this remarkable milestone. She also announced that Dr. Francis Collins, director of the National Human Genome Research Institute and former Medical School faculty member, would be the Winter Commencement speaker and Bob Woodruff, ABC News correspondent and Law School alumnus, would speak at the Spring Commencement.

President Coleman observed that former faculty member, dean, and interim provost Ned Gramlich had passed away earlier this month. “We all experienced his gentle demeanor and his warm sense of humor, and I know all of us extend our deepest sympathies to his wife, Ruth, and their family. We will miss him very, very much.”

Letter to President Coleman from the Regents

Regent Taylor, chair of the Board of Regents, announced that he would like to read the following letter to President Coleman:

September 20, 2007

Dr. Mary Sue Coleman, President
University of Michigan
2065 Fleming Administration Building
503 Thompson Street
Ann Arbor, MI 48109-1340

Dear President Mary Sue Coleman,

On July 31, 2007, you completed your first five-year term as the 13th president of the University of Michigan. You are now embarking on your second five-year term, which we announced last summer following a thorough and exhaustive performance review.

By this letter, we celebrate the conclusion of your first term and look forward with great optimism to the beginning of your next term as president of this great University: The University of Michigan.

Last year was one of significant challenges and great accomplishments. The passage of Proposal 2, the surprise announcement by Pfizer Corporation that it is closing its Ann Arbor facilities, mid-year funding reductions from the state, a struggling economy – these events inevitably defined some of your priorities for the year. And yet, in each instance, your leadership and that of the outstanding executive team that you have assembled are making a positive difference, and this gives us great confidence that the University’s prominence and momentum will continue unabated.

Through all of these events and activities, you and your team have always focused on that which is most important – the academic excellence of the University of Michigan. Your administration has nurtured an environment and committed resources to attract and retain the best faculty in academia: Faculty who perform cutting edge research; who win honors for their excellence in teaching and scholarship; and who work to solve some of society’s most vexing problems. And you are mindful that our extraordinary students are here to acquire the knowledge and experience they need to become tomorrow’s leaders. This academic excellence is what makes the University of Michigan one of the great public research institutions in the world.

You have worked tirelessly to fulfill our institutional commitment to diversity both before and after the passage of Proposal 2 – whether by creating the Diversity Blueprints Task Force, speaking passionately about the value of diversity to the college experience, or personally recruiting students. Your efforts to create and maintain a diverse campus will be one of the hallmarks of your presidency.

Your administration also responded swiftly and effectively to the Pfizer announcement. You promptly created a fund for hiring Pfizer employees and offered teacher training programs, and have been working cooperatively with government officials and Ann Arbor Spark to respond to what everyone acknowledges is a difficult challenge for the University community and the entire state.

You are committed to the national and state economy: When you sit on the Steering Committee of the Council of Competitiveness Energy Security, Innovation and Sustainability Initiative; the board of directors of Internet2; and the Detroit Renaissance board; and when you collaborate with the presidents of MSU and WSU to form the University Research Corridor, you show that you understand the unique and critical role that U of M plays in transforming our economy. Your administration’s focus on increasing our research partnerships with the private sector has received extraordinary accolades from industry, and these efforts to bring national attention to our research enterprise will pay long-term dividends to the University and to the state. The opening of the Detroit Center, which extends the University into the community in a way that benefits both, further demonstrates your administration’s commitment to the entire state.

Across campus, a number of successful projects have come to fruition this past year.

On the health care front, your excellent health care administrative team led the successful sale of M-Care to Blue Cross Blue Shield. Your administration’s innovative health care programs have received national attention: Pilot programs such as pill splitting and the elimination of co-pays for diabetes drugs. We were pleased to learn earlier this year that your Michigan Healthy Community Initiative has transitioned to a permanent central committee to plan and design future health related programs for faculty and staff.

Another initiative, the Residential Life Initiative or “RLI” as it has come to be known, is enhancing the student life experience, as well as the physical look of campus. The new Hill Dining Center is starting to take shape, while the neighboring Mosher-Jordan and Stockwell residence halls undergo major renovations. A few blocks away, the Frieze Building has been cleared and construction has begun on North Quad, the first new residence hall in over forty years. North Quad isn’t just any residence hall; it combines academic and residential space in an innovative, state-of-the-art living/learning center that will serve as a model for the future. And in July the Flint Campus celebrated the groundbreaking of its first residence hall in that campus’s history.

The physical campus is evolving in many ways. This past year, we celebrated the opening of Weill Hall and the Cardiovascular Center, we broke ground for the new C. S. Mott Children’s and Women’s Hospital, construction of the new building for the Stephen M. Ross School of Business is well underway, and we anticipate with enthusiasm the major additions to the Kelsey Museum and the Museum of Art’s

Alumni Memorial Hall. These are just some examples of the many successful capital projects that are underway or recently completed. On the athletic campus, your team presented successful plans for a new indoor football practice facility, new soccer fields, new facilities for baseball and softball, and major renovations to Michigan Stadium.

The Athletic Department is in excellent financial condition. Unlike most athletic departments, our Athletic Department does not receive financial support from central campus. In fact, funds are flowing back to central campus to support the academic mission of the University, thanks to revenue generated by media and sponsorship contracts. We credit you and the leadership team in the Athletics Department for these great successes.

On the academic front, you have integrated a new provost and vice president for research, and have hired or retained a number of deans, academic leaders and key faculty in a range of disciplines. When you started as president five years ago, life sciences were a high priority to you and to the board, and we are pleased with the high level of productivity of the Life Sciences Institute. We anticipate important contributions in two new areas of focus in the years ahead: Energy research and environmental sustainability. It is also worth noting that your administration has given special attention to enhancing the undergraduate experience by providing multiple undergraduate research opportunities and emphasizing interdisciplinary instruction.

We know that none of these things could be accomplished without significant financial resources, and your ability to bring in such resources is another area where you simply excel. In May we celebrated reaching the Michigan Difference Campaign fundraising goal of \$2.5 billion dollars – more than 18 months before the campaign officially ends! This is the largest and most successful fund raising drive in the University’s history. While there are still underlying goals to meet before next December, we are confident that, under your leadership, and with our outstanding development staff, these additional goals will be met.

The board would like to take special note and to publicly recognize your tireless and extraordinary efforts to raise money for the University. We know that your personal attention to donors and friends of the institution is a major reason for the Campaign’s success. Just one of countless examples where your efforts have paid off was your decision last fall to initiate two new Campaign priorities using presidential matching funds, one for endowed chairs and the other for need-based scholarships. Both initiatives exceeded everyone’s expectations and resulted in significant new resources coming into the University. Time and again, you have convinced donors to give yet again, just as you have convinced many new donors to give for the first time.

In addition to raising funds, you have worked closely with the provost in these challenging economic times to align priorities and produce annual budgets that enhance academic excellence across the institution, while assuring that a Michigan education is affordable. As to this last point – affordability – it is worth noting that our financial aid packages are unmatched by any university in Michigan.

And so we pause to congratulate you on another very successful year and a very successful first term as president. Whether we are standing with you on the steps of the U.S. Supreme Court or reading about groundbreaking research by our faculty or hearing a monthly fundraising report that breaks yet another record, we recognize that your leadership has been extraordinary. We look forward to your second term and we look forward to your continued successes as the leader of this great institution.

Sincerely,

Julia Donovan Darlow

Laurence B. Deitch

Olivia P. Maynard

Rebecca McGowan

Andrea Fischer Newman

Andrew Richner

S. Martin Taylor

Katherine E. White

A standing ovation followed.

President Coleman responded that the board had honored her twice, first by offering her the job five years ago, and again by offering her a contract extension last year. She said, “this job had been every bit as challenging as I thought it would be, in a very positive way. I am truly privileged to work with a board that cares so deeply about the University. Even though we don’t always agree with each other, you care deeply, and I understand that.” She also noted that “none of what I do would be possible without this extraordinary team of vice presidents and chancellors.” Finally, she praised her office staff for “the calm and the poise that they show in often difficult circumstances.” She noted that she and her husband, Ken, are “deeply embedded in this community and we look forward to the next five years.”

President’s Salary

Regent Taylor moved that President Coleman be granted an increase of 3% in her base salary for 2007-2008, for a new salary of \$531,996.26. He noted that the board took into consideration the fiscal situation of the state and the University, and the salary increases being given to faculty, staff, deans, and executive officers, and expressed regret that the increase could not have been higher. He pointed out that it is due to the leadership of President Coleman that the University is thriving despite the current difficult state fiscal situation.

Regent Richner seconded the motion. President Coleman stated that she and her husband had decided that were she to be granted a salary increase, they would donate the amount of the increase, minus any required taxes, to her new President’s Donor Challenge for graduate student support. Regent Taylor commented on the president’s generosity in donating her salary increase back to the University. He called for the vote, and the motion to approve the president’s salary increase was approved unanimously.

Annual Report on Voluntary Support

Vice President May gave a presentation on voluntary support for 2006-2007. The University had received \$300 million in cash, the most ever received, representing a 16.7% increase over the previous year. Total receipts in the Michigan Difference campaign as of June 30, 2007, were \$2.6 billion. He reported that 14,000 faculty and staff have given more than \$115 million to the campaign.

Vice President May displayed charts illustrating the progress toward goal in various categories of the campaign. He noted that of the 3,175 undergraduate scholarships and graduate fellowships now available at the University, 1,000 of these have been funded over the past 7 years as part of the Michigan Difference campaign. The campaign has also resulted in the establishment of 20 new faculty chairs. Of the current total of 437 endowed professorships, 169 have been added during this campaign. He announced that a new, \$20 million, President's Challenge has been issued that will eventually leverage \$60 million for graduate fellowships and professional student support.

Regarding the endowment, he said that the campaign is on target to achieve the \$800 million goal. He noted that 14 facilities have reached their campaign goals, and most of these have been completed and occupied. Vice President May described the impact that the scholarship support received through the Michigan Difference campaign has had on individual students, and that support for facilities has had on faculty, students, and the Health System, highlighting especially the Stamps Scholars Program, Joan and Sanford Weill Hall, the Graham Environmental Sustainability Institute and the Graham Graduate Fellows, and the Rachel Upjohn Building, which houses the Depression Center.

Vice President May commented about the invaluable contributions of Associate Vice President Chacona Johnson, Senior Associate Vice President Robert Groves, and Associate Vice President Jefferson Porter and other development staff, as well as the president, Regents, executive officers, deans, directors, and volunteers.

Public Comments on Agenda-Related Topics

The Regents heard comments from the following people, all on the topic of the proposed revision to Regents' Bylaw 14.06: Andrea Knittel, student; Denise Brogan-Kator, alumna; Jennifer Hsu, student; Andre Wilson, student; and Andrew McBride, student.

Committee Reports

Finance, Audit and Investment Committee. Regent McGowan, chair of this committee, reported that Regents Maynard and White had also attended the meeting. The agenda included Sarbanes-Oxley work plan tasks and follow-up and FY07 external audit results. Present were Executive Vice President Slottow, Associate Vice President Peggy Norgren, Controller Cheryl Soper, Executive Director of University Audits Carol Senneff, Hospital CFO Dave Morlock, and external auditors from Pricewaterhouse Coopers.

Personnel, Compensation and Governance Committee. Regent Richner, chair of this committee, reported that Regents Darlow, Newman, Taylor, and White had attended the meeting. The PCG Committee had met with President Coleman regarding staff performance objectives, and with staff from DPS, the general counsel's office, and student affairs regarding processes that are in place for addressing dangerous persons. The committee also met with the provost for a regular update on faculty matters, and with Vice President Churchill on legal requirements applicable to governing boards and agenda matters.

The Regents then turned to the consent agenda.

Consent Agenda

Regents' Room. Vice President Churchill called attention to improvements that were made to the Regents' Room over the summer, including electrical and lighting upgrades and an asbestos abatement; new and reupholstered furniture; and the addition of artwork.

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of July 19, 2007.

Reports. Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report, and the University Human Resources Report. He reported that the bargaining agreement reached with the Lecturers Employees Organization has been ratified, as has a new agreement with the International Alliance of Theatrical Stage Employees. He also described the new "Lift Team Program" that has been put into place at University Hospital following its launch as a pilot program, with funding for the new program derived from the avoidance of costs associated with injuries to nurses caused by lifting.

Litigation Report. Interim Vice President Hage submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Projects Established, July 1 - August 31, 2007. He noted that total research volume for Fiscal Year 2007 were almost \$823 million, a 3.3% increase over the previous year. Industrial sponsorship has increased by 15%, which is a very positive development.

University of Michigan Health System. Executive Vice President Kelch described the Clinical Translational Science Award grant received by the Medical School and pointed out that the Regents' creation last December of the Michigan Institute for Clinical Health Research represented the institutional commitment that was a critical factor in receiving the award. He

noted that although the award will be housed in the Medical School, it is interdisciplinary and involves a number of schools and colleges.

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

University of Michigan-Dearborn. Chancellor Little called attention to a 13% increase in freshmen and 10% increase in new graduate students for the fall term. He also reported on four large grants that have recently been received by faculty on the Dearborn campus, and noted how closely connected these grants are to the campus's metropolitan mission.

University of Michigan-Flint. Interim Chancellor Kay reported that there has been a substantial increase in overall enrollment on the Flint campus, with an increase in total enrollment of 5.5%, including increases of almost 20% in the number of first year students and 14.2% in the number of graduate students. Due to the start of the Genesee Early College, the number of dual-enrolled high school and college students has increased by 21%.

Michigan Student Assembly Report. MSA President Zachary Yost reported on activities and projects currently underway by MSA. He noted that the assembly has planned a rally in Lansing to try to convince the legislature not to withhold any part of the state appropriation, and he also noted that MSA is organizing a homecoming celebration that will include a parade for the first time in many years.

Voluntary Support. Vice President May submitted the Reports of Voluntary Support for June 30, July 31, and August 31, 2007.

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

Retirement Memoirs. Vice President Churchill submitted memoirs for seven faculty members. Executive Vice President Kelch commented on the retirement of Dr. John McGillicuddy, a faculty member since 1970.

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

Comments on the death of Edward (“Ned”) Gramlich. Regent McGowan noted that Ned Gramlich had quietly counseled her as a trusted advisor on the University budget and endowment. Regent Newman commented that he gave her an “invaluable” education. Regent Taylor observed that Mr. Gramlich was a nationally-recognized expert on the current sub-prime lending problem. Regent White concurred and said that Ned was one of the most impressive people she had ever met. Regent Richner, President Coleman, and Provost Sullivan also expressed their appreciation for the opportunity to have worked with him. A verbatim transcript of their comments was shared with his widow, Ruth, and are on file in the Office of the Vice President and Secretary of the University.

Degrees. President Coleman submitted for approval the following recommendations for honorary degrees: Francis Sellers Collins, physician-geneticist, *Doctor of Science*; Caroline Walker Bynum, medievalist, *Doctor of Humane Letters*; Peter Melvin Wege, environmentalist/business leader/philanthropist, *Doctor of Laws*; Robert Woodruff, journalist, *Doctor of Laws*. It was noted that Francis Collins, Caroline Bynum, and Peter Wege would be awarded their honorary degrees at the Winter 2007 commencement, and that Robert Woodruff would be awarded his honorary degree at the Spring 2008 commencement.

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

The Regents then turned to consideration of the regular agenda.

FY 2007-2008 All Campus Budget Book

Executive Vice President Slottow submitted the University's All Campus Budget Book for fiscal year 2007-2008.

Report of University Internal Audits

Executive Vice President Slottow submitted the report of University Internal Audits for the period May 11, 2007 - June 30, 2007.

University of Michigan Financial Statements for the Year ended June 30, 2007

Executive Vice President Slottow submitted the University's audited consolidated financial statements for fiscal year 2007, as well as separate audited financial statements for the Hospitals and Health Centers, Intercollegiate Athletics, and the Veritas Insurance Corporation. He reported that Pricewaterhouse Coopers had submitted a clean audit opinion, and that the Finance, Audit and Investment Committee had discussed the audit with the auditors at their meeting earlier that morning.

Alternative Asset Commitments

Executive Vice President Slottow informed the Regents of the following follow-on investments that had been made with previously approved partnerships: \$40 million to Avenue Special Situations V, L.P., in April 2007; \$17.5 million to IDG Accel China II, L.P. in June 2007; \$35 million to TPG Asia V, L.P. in June 2007; \$20 million to Fortress Investment Fund V in May 2007 and \$10 million to Fortress Investment Fund V (Co-investment Funds) in June 2007.

Alternative Asset Commitments (*Phoenix Asia Real Estate Investments III, L.P.; Roark Capital Partners II, L.P.; and OCM Loan Fund*)

On a motion by Regent Maynard, seconded by Regent McGowan, the Regents unanimously approved the following commitments from the Long Term Portfolio: \$15 million to Phoenix Asia Real Estate Investments III, L.P.; \$20 million to Roark Capital Partners II, L.P.; and \$50 million to OCM Loan Fund.

Indoor Practice Facility for Intercollegiate Football

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved issuing the Indoor Practice Facility for Intercollegiate Football Project for bids and awarding construction contracts providing that bids are within the approved budget.

University of Michigan Hospitals and Health Centers Cardiovascular Center General Clinical Research Center Relocation

On a motion by Regent Maynard, seconded by Regent Taylor, the Regents unanimously approved the University of Michigan Hospitals and Health Centers Cardiovascular Center General Clinical Research Center Relocation Project as described, authorized commissioning the architectural firm of Shepley Bulfinch Richardson & Abbott for its design, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Conflict of Interest Items

President Coleman announced that the agenda includes 14 conflict of interest items, each of which requires 6 votes for approval. These would be considered as a block, in one vote, except for two items that were voted on separately, as noted below, due to conflicts of interest.

On a motion by Regent Taylor, seconded by Regent Newman, the Regents unanimously approved the following 12 agreements.

First Amendment to Lease Agreement with 1250 N. Main LLC

The Regents approved a two-year lease agreement renewal with 1250 N. Main LLC for 14,000 square feet of space at 1250 North Main Street, Ann Arbor, Michigan, to be used as faculty studios for the School of Art and Design. Because Peter T. Allen, a University employee, is also a member of 1250 N. Main LLC, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the lease agreement are the Regents of the University of Michigan and 1250 N. Main LLC.
2. The service to be provided is a lease agreement of 14,000 square feet in a building at 1250 North Main Street, Ann Arbor, Michigan for two years, beginning on July 16, 2007 through July 15, 2009, at a monthly rate of \$18,083.33 for the first year of the term, and \$18,666.67 for the second year of the term. Tenant will be responsible for all operating expenses of the building.
3. The pecuniary interest arises from the fact that Peter T. Allen, a University of Michigan employee, is a member of 1250 N. Main LLC.

Lease Agreement with C-3 Partners

The Regents approved a lease agreement renewal with C-3 Partners for 9,339 square feet of space at 519 West William Street, Ann Arbor, Michigan, for the Medical School's Department of Radiation Oncology. Because William C. Martin, a University of Michigan employee, is also a partner of C-3 Partners, 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 C-3 Partners.
2. The service to be provided is a lease agreement for 9,339 square feet of space at 519 West William Street, Ann Arbor, Michigan for five years, commencing on September 1, 2007 through August 31, 2012, at a monthly rate of \$0 for the first three months and \$3,581.00 for the fourth month of the term. The monthly rate for the following twenty months will be \$12,569.00. The rate for the third year will be \$12,946.00, \$13,334.00 for

the fourth year, and \$13,734.00 for the fifth year. Tenant is responsible for gas and electric usage.

3. The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is a partner of C-3 Partners.

Approval of Purchase from GoKnow Learning, Inc.

The Regents approved a purchase from GoKnow Learning, Inc. by the School of Education. Because Elliot Soloway, a University of Michigan employee, is also founder and stockholder of GoKnow Learning, Inc., this purchase falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the contract are the Regents of the University of Michigan and its School of Education and GoKnow Learning, Inc.
2. The service provided is development of a picture naming test using cell phones. The cost for the service is \$12,000.00.
3. The pecuniary interest arises from the fact that Elliot Soloway, a University of Michigan employee, is a founder and stockholder of GoKnow Learning, Inc.

Contract between the University of Michigan and NeuroNexus Technologies

The Regents approved a contract with NeuroNexus Technologies for the purchase of multi-channel recording probes. Because Daryl Kipke and Jamille Hetke, University of Michigan employees, are also CEO and director of research, respectively, for NeuroNexus Technologies, this contract falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the contract are the Regents of the University of Michigan and its Department of Biomedical Engineering and NeuroNexus Technologies.
2. The products provided are multi-channel recording probes. The cost of \$310,726.00 for probes to be purchased over a two-year period.
3. The pecuniary interest arises from the fact that Daryl Kipke and Jamille Hetke, University of Michigan employees, are CEO and director of research, respectively, of NeuroNexus Technologies.

Purchasing Contract with Michigan Information Technology Center

The Regents approved a contract between the Ross School of Business Executive Education Center and Executive MBA Program and Michigan Information Technology Center (MITC) for temporary use of classroom space until completion of their new facility. Because John L. King, Douglas E. Van Houweling, Donald J. Welch, and Barbara S. Nanzig are University employees and are also board members of MITC, this contract falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the contract are the Regents of the University of Michigan and its Ross School of Business Executive Education Center and Executive MBA Program and Michigan Information Technology Center.
2. The product provided is temporary use of classroom space. The cost of the product is estimated to be \$1,050,000 through June, 2010.
3. The pecuniary interest arises from the fact that John L. King, Douglas E. Van Houweling, Donald J. Welch, and Barbara S. Nanzig, University of Michigan employees, are also members of the board of directors of Michigan Information Technology Center.

Subcontract Agreement between the University of Michigan and Universal Display Corporation

The Regents approved a subcontract between the University of Michigan and Universal Display Corporation (“UDC”) to provide graduate student project support in connection with a UDC project, “High Stability WOLEDs.” Because Stephen R. Forrest, a University of Michigan employee, is also the partial owner of UDC, 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 Universal Display Corporation.
2. The project is to be conducted at the University over a nine-month period at an estimated total cost of \$10,000 for graduate student project support. There are no indirect costs since this is SBIR Phase I funding. Since research agreements are often amended, the agreement includes provisions for changes in time, amount, and scope. University

procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

3. Stephen Forrest's pecuniary interest arises from his partial ownership of UDC. His participation in this project will only be in his capacity as an employee of the University.

Subcontract Agreement between the University of Michigan and Universal Display Corporation

The Regents approved a subcontract between the University of Michigan and Universal Display Corporation ("UDC") to provide graduate student project support in connection with a UDC project, "Large Area WOLEDs." Because Stephen R. Forrest, a University of Michigan employee, is also the partial owner of UDC, 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 Universal Display Corporation.
2. The project is to be conducted at the University over a nine-month period at an estimated total cost of \$10,000 for graduate student project support. There are no indirect costs since this is SBIR Phase I funding. Since research agreements are often amended, the agreement includes provisions for changes in time, amount, and scope. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. Stephen Forrest's pecuniary interest arises from his partial ownership of UDC. His participation in this project will only be in his capacity as an employee of the University.

Non-disclosure Agreement between the University of Michigan and SensiGen, LLC

The Regents approved a non-disclosure agreement with SensiGen in conjunction with its commercialization of UM technologies. Because David Kurnit, a University of Michigan employee, is also partial owner, director, and officer of SensiGen, 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 SensiGen, LLC.
2. The agreement terms include granting SensiGen the ability to review certain confidential information for a defined period of time. The University will retain ownership of the

disclosed technology and information 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. Stephen Forrest's pecuniary interest arises from his partial ownership of UDC. His participation in this project will only be in his capacity as an employee of the University.

Option and Non-disclosure agreements between the University of Michigan and Immunomics, Inc.

The Regents approved option and non-disclosure agreements between the University of Michigan and Immunomics, Inc. (the "Company"), for commercialization of the technologies "Phage Microarray Profiling of the Humoral Response to Disease" (UM OTT File No. 2791), and "Methods and Compositions for Diagnosing Lung Cancer" (UM OTT File No. 3650). Because David Beer and Arul Chinnaiyan, University of Michigan employees, are also partial owners of the Company, 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 Regents of the University of Michigan and Immunomics, Inc.
2. Agreement terms include granting the Company an exclusive 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 licensed technology and may continue to further develop it and use it internally. During the option, the University will provide certain targets and biological materials to the Company for evaluation purposes. The Company will provide the University with written results of its evaluation as well as a business maintained as confidential under the non-disclosure agreement. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreements. Standard disclaimers of warranties and indemnification apply, and the agreements 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 Drs. Beer and Chinnaiyan arise from their ownership interests in the Company.

Grant Agreement between the University of Michigan and Concert for a Cure, Inc.

The Regents approved an agreement between the University of Michigan and Concert for a Cure, Inc., a non-profit foundation, through which the foundation will support research under

the direction of Dr. Theodora Ross, a University of Michigan employee. Because Dr. Ross is also president of Concert for a Cure, 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 University of Michigan and Concert for a Cure, Inc.
2. The terms of the proposed grant agreement are acceptable and conform to University policy. The amount of the grant to the University is \$806,500 to support research related to abnormal HPI-1 and cancer biology to be directed by Dr. Ross over a period of nine years.
3. Dr. Ross receives no compensation from the foundation and has no financial interest in the foundation. She did not participate in the funding decision on behalf of the foundation.

Subcontract Agreement between the University of Michigan and Therapeutic Systems Research Laboratories, Inc.

The Regents approved a subcontract agreement between the University of Michigan and Therapeutic Systems Research Laboratories, Inc. (“TSRL”) for funding of a project in the School of Dentistry under the direction of Dr. John C. Drach. Because Dr. Gordon L. Amidon, a University of Michigan employee, is also the owner of TSRL, 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 Therapeutic Systems Research Laboratories, Inc.
2. The terms of the agreement conform to University policy. The period of performance for the project is two years and the amount of funding support is \$325,574.
3. Dr. Amidon’s pecuniary interest arises from his status as owner of TSRL. He will not be involved in the project in his capacity as a University employee or as a representative of TSRL.

Subcontract agreements between the University of Michigan and Incept Biosystems, Inc.

The Regents approved subcontract agreements between the University of Michigan and Incept Biosystems, Inc. (“Incept”), for three proposed projects involving use or further

development of technology licensed by the University to Incept. Two of these agreements will be subcontracts from federal grants awarded to Incept. Because Shuichi Takayama and Gary D. Smith, University of Michigan employees, are also founding owners of Incept and members of its scientific advisory board and board of directors, these proposed 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 Regents of the University of Michigan and Incept Biosystems, Inc.
2. The terms of the proposed agreements conform to University policy. *Microfluidics for in vitro maturation of mammalian oocytes* will be directed by Dr. Yolanda Smith, associate professor of obstetrics and gynecology, at an estimated cost of \$71,000 over a twelve-month period. *Stability of Osmolality on a Micro-fluidic Chip* will be directed by Dr. Douglas Noll, professor of biomedical engineering, at an estimated cost of \$4,404 over a twelve-month period. *Improved Implantation and Pregnancy Using Microfluidic Embryo Culture* will be directed by Dr. Gary Smith at an estimated cost of \$45,923 over a seven-month period.

All three agreements include a provision allowing extension and modification upon mutual agreement of the parties. University procedures for approval of the changes will be followed and additional conflict of interest review will be done as appropriate. These projects do not involve human subjects.

3. Shuichi Takayama's and Gary D. Smith's pecuniary interest arises from their status as partial owners of, and members of the scientific advisory board and board of directors for Incept Biosystems, Inc.

License Agreement between the University of Michigan and Lycera, Inc.

On a motion by Regent Maynard, seconded by Regent Taylor, the Regents approved a license agreement between the University of Michigan and Lycera, Inc., for commercialization of the following properties: "Therapeutic applications of pro-apoptotic benzodiazepines" (UM File #1671), "Compositions and methods relevant to novel compositions" (UM File #2888), "Novel 1,4-benzodiazepine-2,5-diones with therapeutic properties" (UM File #2846/3084), "Novel Soluble 1,4 benzodiazepine" (UM File No. 3730), and "Novel Compounds for Treatment of Psoriasis" (UM File No. 3833). Regent McGowan recused herself from voting due to a

conflict of interest. Because Gary Glick, Anthony Oipari, and James Ferrara, University of Michigan employees, are also partial owners of Lycera, 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 Lycera, Inc.
2. Lycera 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 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 Drs. Glick, Ferrara, and Oipari arise from their ownership interest in Lycera.

Master Agreement between the University of Michigan and Innovative Biotherapies, Inc.

On a motion by Regent Newman, seconded by Regent Maynard, the Regents approved a master agreement between the University of Michigan and Innovative Biotherapies, Inc. (the “Company”), enabling the University to participate in various projects that the Company will support related to technology licensed or optioned to the Company by the University. Regent Richner recused himself from voting due to a conflict of interest.

Because Dr. H. David Humes, a University of Michigan employee, is also founder, owner director, and 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 University of Michigan and Innovative Biotherapies, Inc.
2. The University will enter into a master agreement with the Company that will cover standard procedures for performance of projects as well as provisions implementing University and federal policies related to intellectual property and publication. The master agreement will cover an initial five-year period with a total authorization not to exceed \$500,000. The University will use standard sponsored project accounting procedures to determine the cost of each project. Budgets will be reviewed and approved by

authorized representatives of each department and school/college where projects are to be performed. The Company has supported six projects at the University since its inception. The master agreement will allow the University and the company to specify projects that the University will conduct under the terms of the master agreement. Since research projects are often amended, the master agreement includes provisions for changes in time, amount, and scope of each supported project. University procedures for approval of each project will be followed and additional review by the Medical School Conflict of Interest Board will be done on a project by project basis.

3. Dr. Humes' pecuniary interest arises from his status as founder, owner director, and officer of the company.

Revision to Regents' Bylaw 14.06

Regent McGowan moved, and Regent Maynard seconded, approval of the following revision to Regents' Bylaw 14.06 (deletions crossed out; additions italicized and underlined):

Regents' Bylaw Sec. 14.06. Nondiscrimination and Affirmative Action (revised September 1993 (2007))

The University of Michigan is committed to a policy of nondiscrimination and equal opportunity for all persons regardless of race, sex, color, religion, creed, national origin or ancestry, age, marital status, sexual orientation, *gender identity*, *gender expression*, disability, or Vietnam era veteran status. The University also is committed to compliance with all applicable laws regarding nondiscrimination and affirmative action.

Regent Taylor read the following letter from Regent Deitch:

September 15, 2007

Dear Martin:

As we discussed earlier this week, I have unexpectedly been called away to Asia on business. That being the case, I am unable to participate in the Regents' meeting of September 20, 2007. I am disappointed by that fact because I was very much looking forward to voting in the affirmative on the proposed change to Regents' Bylaw 14.06.

I am now completing my 15th year as a Regent of the University of Michigan. In 1993, which was my first year on the Board, I co-sponsored the last amendment to Regents' Bylaw 14.06 with Regent McGowan. That amendment added sexual orientation to the Bylaw. From the standpoint of personally having had a positive impact on the culture of our university community, it is my proudest achievement as a Regent. I am confident that Regent McGowan shares that view.

Now, 15 years later, President Coleman has suggested adding "gender identity" and "gender expression" to the Bylaw. I commend her for her thoughtful and progressive leadership on this issue and I wanted everyone to know that I enthusiastically and wholeheartedly endorse this amendment and would be voting in the affirmative were I able to be present.

I firmly believe that discrimination of any kind is both repugnant and reprehensible. Therefore, I am pleased that we are taking this step to address the deeply felt concerns of members of our community. As in 1993, this very simple change will have a profoundly positive impact on the culture of our community. I am delighted about that fact.

I ask that you read this letter at the meeting and have it entered into the minutes of proceedings. Best regards to all.

Sincerely,
Laurence B. Deitch

Regent McGowan, addressing the audience members who had come to the meeting in support of this measure, said, “I just want to thank you on my own behalf for coming in the first instance, and for coming back, and for coming back, and for coming back.”

Regent Maynard said, “It’s been a long time, and it really feels good to finally be able to vote in the affirmative.”

The vote was then taken, and the motion was approved, with Regents Darlow, Maynard, McGowan, Taylor, and White voting in favor, and Regents Newman and Richner opposed.

Public Comments

The Regents heard comments from Bill Higgins, citizen, on addiction and relationships at the U of M; Richard Bollinger, alumnus, on lack of Michigan content on Michigan Radio; and Jim Mogenson, citizen, on industrial funding of research at the University.

There being no further business, the meeting was adjourned at 5:00 p.m. The next meeting is scheduled for October 25, 2007.