

**Approved by the Regents
November 18, 2010**

OCTOBER MEETING, 2010

*The University of Michigan
Ann Arbor
October 14, 2010*

The regents convened at 3:00 p.m. in the Regents' Room. Present were President Coleman and Regents Darlow, Maynard, Ilitch, Newman, Richner, Taylor, and White. Also present were Vice President and Secretary Churchill, Vice President Forrest, Vice President Harper, Provost Hanlon, Vice President Lampe, Chancellor Little, Vice President May, Chancellor Person, Executive Vice President Pescovitz, Vice President Scarnecchia, Executive Vice President Slottow, and Vice President Wilbanks. Regent Deitch was absent.

Call to Order and President's Opening Remarks

President Coleman called the meeting to order. She called attention to the University's celebration of the 50th anniversary of the events that launched the Peace Corps, and the 55th anniversary of the announcement at the University of Michigan that the polio vaccine was safe and effective. The latter milestone is being recognized on November 4 by the award of the Thomas Francis, Jr. Medal in Global Public Health to Dr. Alfred Sommer on November 4, 2010. President Coleman congratulated Regent White on having been recognized by Wayne State University Law School with the school's highest honor for teaching. She called on Regent Darlow.

Statement by Regent Darlow

Regent Darlow commented that since making their statement at the last month's meeting, the board had been proud of the way the University had come together in such a positive way.

To express their appreciation and support, she announced that the board would like to make an additional statement, which she read on behalf of the board:

When we first became aware of the targeting of one of our students, we sent a swift and powerful message: This must stop. As we said at our September 16 meeting, when one member of our community is targeted, we are all attacked. As the elected governing body of the University of Michigan, we want to express our unequivocal support for the decisive way the University has responded to this unfortunate situation. We are proud of the way the Division of Student Affairs immediately reached out to offer support to our students. We are encouraged by the coordinated approach from many units and individuals throughout the University community to address the situation with thoughtfulness and compassion. Looking ahead, we will remain ever vigilant to unacceptable displays of intolerance. At the University of Michigan, we often speak of the “Michigan Difference”: those unique attributes that set us apart. Today we appreciate the values that are common to all of us.

Social Media in Higher Ed: Teaching and Learning

President Coleman called on Jeffrey Mackie-Mason, dean of the School of Information, and E.J. Westlake, associate professor of theatre, for a presentation on the role of social media in teaching and learning.

Dean Mackie-Mason described social media as “platforms on which we build opportunities for on-line interactions.” His presentation described the uses being made of this technology both in the classroom and in society in general, focusing on the impact of social media on both teaching and on learning. He also pointed out that it is incumbent upon faculty to teach students the moral and civil uses of this technology to ensure that students understand the consequences of using it to invade privacy or to engage in cyber-bullying.

Professor Westlake, a scholar who studies the performance aspects of the on-line self through Facebook, discussed her research on how students learn appropriate behavior through their participation in social media. She noted that despite popular perception, college-age students tend to use Facebook as a means to bond and to set behavioral norms.

A discussion followed, covering such topics as Wikipedia, “back channel” learning and how it is used in the classroom, and University classes that focus on social media. It was noted

that it isn't the mere fact of the technology and using it that makes it either educational, harmful, or distracting, it is learning how to harness it so as to benefit education and learning.

Committee Reports

Finance, Audit and Investment Committee. Regent White, chair of the Finance, Audit and Investment Committee, reported that the committee, consisting of herself and Regents Maynard and Taylor, had met that morning with Executive Vice President Slottow. Regent Darlow and President Coleman also attended the meeting. The first agenda item was a review of the Report of Investments as of June 30, 2010 with Chief Investment Officer Erik Lundberg. Regent White reported that due to Mr. Lundberg's "excellent and outstanding work," the value of the endowment on that date was \$6.6 billion, an increase of \$600 million since June 30, 2009. The investment return on the Long Term Portfolio was 12.3%, 2 percentage points ahead of benchmark and equal to that of the average university endowment. The annualized ten-year return of the Long Term Portfolio was 6.2%, which is 2.6 percentage points ahead of the benchmark and significantly ahead of the S&P 500, which experienced an average annual loss of 1.6 percent for the same period.

Regent White noted that last year, the University distributed \$255.6 million from the endowment to support operations, up from \$244 million in FY2009 and \$227 million in FY2008. Over the past five years, \$1.5 billion in endowment distributions has been returned to the units to support University operations. She concluded, "Our Long Term Portfolio performance over the past ten years is in the top quartile of investment returns for University endowments, and we look forward to continuing strong investment returns given our strategic and prudent fiscal policies, coupled with our aggressive cost-containment measures."

Regent White noted that the committee also reviewed the debt program rating strategy with Associate Vice President Rowan Miranda, University Treasurer Greg Tewksbury, and Assistant University Treasurer Milagros Dougan.

Personnel, Compensation and Governance Committee. Regent Richner, chair of the Personnel, Compensation and Governance Committee, reported that he and Regent Ilitch had attended this meeting. Provost Hanlon presented two reports: the annual report of dean and major director reviews and searches, and a faculty recruitment and retention report.

President's Performance Review

Regent Richner reported that the Personnel, Compensation and Governance Committee, along with the entire board, had completed its annual performance review of the president, and made the following comments.

“I am pleased to say that by all measures, the University is doing quite well under the leadership of President Coleman. President Coleman and the outstanding leadership team she has assembled have continued to promote the academic standing of the University while acting as responsible stewards of our financial resources, all in the face of a challenging academic environment. This year, we saw an increase in financial aid to record levels, sustained our AAA bond rating, brought in over \$1 billion in research funding, kept our resident undergraduate tuition increase to the lowest level in over 25 years, increased our endowment, opened the first new residence hall in over 40 years, retained and recruited top-notch faculty, moved in to the North Campus Research Complex, improved our Health System operating margin, and rededicated a renovated and expanded football stadium. This year, President Coleman was named one of the ten best university presidents by *Time* magazine. All in all, a pretty good year.”

Accordingly, on behalf of the committee and the board, he moved that in addition to extending their personal gratitude for a job well done, the board approve a 3% increase in President Coleman's salary, effective August 1, 2010. He noted that this recommendation is well supported by the market salary data that the committee reviewed. Regent Maynard approved the motion, and it was approved unanimously.

President Coleman thanked the board for their support, noting how much she enjoyed working with her executive team and with the board.

Health Affairs Committee. The Health Affairs Committee did not meet this month.

President Coleman then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of September 16, 2010.

Reports. Executive Vice President Slottow submitted the Annual Report of Investments, and expressed appreciation to Erik Lundberg and his team for their "phenomenal" work in achieving consistently excellent returns in a difficult environment. He also submitted the Plant Extension Report, the University Human Resources Report, and the Regents Report on Non-competitive purchases over \$5,000 from Single Sources, June 16, 2010 through September 15, 2010. With respect to the Plant Extension Report, he addressed a question that had arisen at the previous meeting about the feasibility of delaying a planned elevator repair project in South Quad, and explained why it would not be advisable to delay this project until such time as further renovations are undertaken.

Litigation Report. Vice President Scarnecchia submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Projects Established, September 1-30, 2010.

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

Division of Student Affairs. Vice President Harper had no additional report.

University of Michigan-Flint. Chancellor Person noted that the Flint campus is looking forward to hosting the November Board of Regents meeting.

University of Michigan-Dearborn. Chancellor Little reported on several recognitions recently received by the Dearborn campus that illustrate the impact of the university on metropolitan Detroit. These include the 2010 Detroit Public Television Partnership Award, the New Detroit “Closing the Gap Award,” and individual awards received by Vice Chancellor Ed Bagale and Professor Orin Gelderloos in recognition of their community and civic involvement.

Michigan Student Assembly Report. MSA president Chris Armstrong described MSA sponsored activities and initiatives that have been going on in recent weeks. He also expressed his gratitude to the University community for the support that has been expressed for him in recent weeks. “The support the University has expressed has been incredibly humbling for me, and has motivated me to keep moving in my service to the student body. I would not be here if it were not for the University of Michigan, and its reaction [to recent events] has reignited my faith in the institution.” He further cited the “Elected by Us, Respected by Us” campaign created by the Dean of Students office to promote tolerance and a positive atmosphere on campus. He expressed hope that the positive attitude that has been established on campus will continue to promote a safe space for future students.

Voluntary Support. Vice President May submitted the report on voluntary support for September 30, 2010. He thanked Chief Investment Officer Erik Lundberg and Executive Vice President Slottow and their teams, noting that their professional leadership and resulting investment performance and financial oversight greatly enhance the confidence that donors have in giving private support to the institution. He then described how social networking, using such tools as Facebook, blogging, texting, and crowd sourcing has become a very important tool in the fundraising process.

Personnel Actions/Personnel Reports. Provost Hanlon submitted a number of personnel actions and personnel reports. He highlighted the recommended reappointment of Kathleen Potempa as dean of the School of Nursing.

Retirement Memoirs. No retirement memoirs were submitted this month.

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

Degrees. Provost Hanlon submitted for approval final degree lists for the August 2010 commencements and changes to previously approved degree lists, copies of which are on file in the Office of the Vice President and Secretary of the University.

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

Alternative Asset Commitment

Executive Vice President Slottow informed the board of a recent follow-on commitment of \$30 million to Avenue Special Situations VI, L.P., a previously approved partnership.

Report of University Internal Audits, July and August 2010

Executive Vice President Slottow submitted the bimonthly report of the Office of University Audits activities for the period July through 2010.

University of Michigan Financial Statements for the year-ended June 30, 2010

Executive Vice President Slottow requested adoption of the University's comprehensive [certified financial statements](#) for fiscal year 2010, which had been submitted under separate cover. He introduced Cheryl Soper, University Controller, noting that she had been recognized as one of the leading innovators in accounting and financial management in the nation by the National Association of College and University Business Officers. He also recognized the efforts of Russ Fleming and other finance staff, as well as Rick Stover of PricewaterhouseCoopers. He complimented staff in the Office of the Vice President for Communications for their efforts in producing the financial report. On a motion by Regent White, seconded by Regent Darlow, the Regents unanimously approved adoption of the University of Michigan Financial Statements for the Year ended June 30, 2010.

Issuance of Debt for New Projects

On a motion by Regent Maynard, seconded by Regent Ilitch, the regents unanimously approved adoption of a resolution authorizing the executive vice president and chief financial officer or the associate vice president for finance, or the treasure to:

- Develop the terms, and negotiate and execute the legal documentation for the financing with the assistance of the underwriter and outside legal counsel;
- Obtain and approve a final proposal for the bonds;
- Obtain and accept a final proposal for any "swaps" for the University's fixed rate debt, and execute and deliver the required documentation for the transaction;
- Obtain and approve any agreements for the issuance of Build America Bonds.

[TEXT OF RESOLUTION TO BE INSERTED IN REGENTS' PROCEEDINGS]

Crisler Arena Renovation

Executive Vice President Slottow commented that since approval of the schematic design for this project, the budget has been increased by \$3 million, to \$23 million, to include full replacement of the upper bowl seating in addition to the previously approved lower bowl seating. On a motion by Regent Newman, seconded by Regent Richner, the Regents unanimously approved the revised project scope and budget for the Crisler Arena Renovation Project, 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 Simpson Circle Parking Structure Improvements

Regent Newman moved approval of the University of Michigan Hospitals and Health Centers Simpson Circle Parking Structure Improvements Project as described, authorized commissioning the architectural firm of URS Corporation for its design, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget. It was pointed out that the project involves converting this structure from staff parking to patient and visitor parking. Staff parking issues will be addressed in the Parking and Transportation strategic plan that will include utilization of additional commuter parking lots on North Campus. Regent Maynard seconded the motion, and it was approved unanimously.

Conflict of Interest Items

President Coleman announced that the agenda includes 9 conflict of interest items, each of which requires 6 votes for approval. On a motion by Regent Darlow, seconded by Regent Maynard, the regents unanimously approved the following 9 items:

Approval of Purchase from Sherrill A. Smith

The regents approved the purchase of artwork by the C.S. Mott Children's and Von Voigtlander Women's Hospital ("Mott"). Because Sherrill A. Smith, a University of Michigan employee, is also the artist who created the artwork, 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 involved in the purchase are the Regents of the University of Michigan, Mott, and Sherril A. Smith.
2. The purchase is two original works of fiber art, *Pascal's Triangle* 49.5" x 52" and *Fingers* 59" x 52", for a total of \$11,600.
3. The pecuniary interest arises from the fact that Sherril A. Smith, a University of Michigan employee, is also the artist who created the original works purchased by Mott.

Approval of Purchase from ArborWind, LLC

The regents approved purchasing from ArborWind, LLC ("ArborWind") the construction of a custom-designed testing chamber required for a behavioral neuroscience experiment. Because Jill Becker Luma, a University of Michigan employee, is a partner of ArborWind, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the contract are the Regents of the University of Michigan, its Department of Psychology, and ArborWind.
2. The purchase is for construction and fabrication of one behavioral testing chamber at ArborWind's facilities for \$4,995.
3. The pecuniary interest arises from the fact that Jill Becker Luma, a University of Michigan employee, is also a partner of ArborWind.

Agreement with the Institute for Social and Environmental Research

The regents approved an agreement between the Institute for Social Research ("ISR") and the Institute for Social and Environmental Research ("ISER") for research support in the Chitwan Valley of Nepal. Because Dr. Dirgha Jibi Ghimire, a University of Michigan employee, is also director and a 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. The parties involved in the contract are the Regents of the University of Michigan, ISR, and ISER.
2. The contract with ISER is for supporting research in the Chitwan Valley of Nepal for ISR's Partnerships in International Research and Education ("PIRE") project. Payments to ISER related to PIRE are not to exceed a total of \$110,000 through 2013.
3. The pecuniary interest arises from the fact that Dr. Dirgha Jibi Ghimire, a University of Michigan employee, is director and a board member of ISER.

Renewal of Agreement with Ann Arbor SPARK

The regents approved renewal of an agreement with between the Office of Technology Transfer ("OTT") and its TechStart intern program and Ann Arbor SPARK ("SPARK") for facility use and resources. Because Kenneth C. Fischer, Stephen Forrest, and Kenneth Nisbet, University of Michigan employees, are also executive committee board members for SPARK, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the contract are the Regents of the University of Michigan and its OTT, and SPARK.
2. The agreement is for facility use and services for the TechStart intern program from May 1, 2010 through April 30, 2013 for \$15,000 per year.
3. The pecuniary interest arises from the fact that Kenneth C. Fischer, Stephen Forrest, and Kenneth Nisbet, University of Michigan employees, are executive committee board members of SPARK.

License agreement between the University of Michigan and Ambiq Micro, Inc.

The regents approved a license agreement with Ambiq Micro ("Company") to allow the company to obtain a license to the University's rights associated with the following technologies: UM OTT File No. 4051, "Pico-Power Reference Voltage Generator;" UM OTT File No. 4608, "Low Power Reference Current Generator with Tunable Temperature Sensitivity;" UM OTT File No. 4656, "Low Leakage, Low Voltage Memory Cell;" and UM OTT File No. 4657, "Integrated Circuit with Sleep Mode." Because Dennis Sylvester and David Blaauw, University of

Michigan employees, are also partial owners of the Company, this purchase falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and Ambiq Micro, Inc.
2. Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay royalties on sales and reimburse patent costs. In addition, the University will obtain equity in the Company. 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 interests of Dr. Sylvester and Dr. Blaauw arise from their ownership interests in Ambiq Micro, Inc.

Amendment to License Agreement with Lycera, Inc.

The regents approved an amendment to a license agreement between the University of Michigan and Lycera, Inc. (“Company”) to add the following invention to the existing license agreement: UM OTT File No. 4397, “1,4 Benzodizepine compounds having certain C5 heterocyclic groups.” Because Gary Glick, Anthony Pipari, and James Ferrara, University of Michigan employees, are also partial owners of the Company, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and Lycera, Inc.
2. The Company 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. The pecuniary interests of Drs. Glick, Ferrara, and Opipari arise from their ownership interest in Lycera, Inc.

Master Agreement between the University of Michigan and SWOG-Clinical Trials Initiative, LLC

The regents approved a master agreement between the University of Michigan and SWOG-Clinical Trials Initiative, LLC (“Company”), to allow the University to participate in various projects that are related to the Urology Clinical Oncology Program (UCOP). The Company will support these projects independently or from grants from third parties. Because Dr. Lawrence Baker, a University of Michigan employee, is also a president of the Hope Foundation, which is the managing member of the SWOG-CTI and which exercises managerial control over it, and is chair of the Southwest Oncology Group, a cancer clinical trial research consortium hosted by the University of Michigan, 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 SWOG-Clinical Trials Initiative, LLC.
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 \$5,000,000. 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 Master Agreement will allow the University and the Company to specify projects that the University will conduct under the terms of the Master Agreement. Because 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. Lawrence Baker does not have any pecuniary interests in this agreement.

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

The regents approved an option agreement with Inmatech, Inc. (“Company”) which will allow the Company to option the following technology from the University: UM File #4794, “High Performance Transition Metal Carbide and Nitride Based Asymmetric Super Capacitors.” Because Levi Thompson and Saemin Choi, current University of Michigan employees, and Paul Rasmussen, emeritus employee, are also a partial owners of the Company, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and Inmatech, Inc.
2. Option agreement terms include granting the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will pay an option fee and reimburse patent costs during the term of the option. The University will retain ownership of the optioned technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the agreement may be amended by consent of the parties. 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. Thompson, Rasmussen, and Choi arise from their ownership interest in Inmatech, Inc.

Option Agreement between the University of Michigan and CSquared Innovations LLC

The regents approved an option agreement between the University of Michigan and CSquared Innovations LLC (“Company”) which will allow the Company to obtain a license from the University associated with the following technologies: UM OTT File No. 4306, “In-Situ Plasma/Laser Hybrid Scheme;” UM OTT File No. 4422, “Coaxial Laser Assisted Cold Spray Nozzle;” and UM OTT File No. 4462, “Manufacturing of Li Ion Battery Electrodes by Plasma/Laser Hybrid Technique.” Because Pravansu Mohanty and Nicholas Moroz, University of Michigan employees, are also partial owners of the Company, this agreement falls under the

State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and CSquared Innovations, LLC.
2. Agreement terms include granting the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will pay an option fee and reimburse patent costs during the term of the option. 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 Dr. Mohanty and Mr. Moroz arise from their ownership interest in CSquared Innovations, LLC.

Correction to “Bachelor of Science in Bioengineering” Degree Program Title for College of Engineering and Computer Science, University of Michigan-Dearborn

On a motion by Regent Taylor, seconded by Regent White, the regents unanimously approved a change in the name of the “Bachelor of Science in Bioengineering” degree program to “Bachelor of Science in Engineering in Bioengineering.” The program is offered by the College of Engineering and Computer Science at the University of Michigan-Dearborn.

Public Comments

The regents heard comments from C.W. Kauffman, citizen, regarding national security considerations; Douglas Smith, alumnus, on the topic of “agreements;” Joseph A. Varilone, student, president of the Michigan Animal Rights Society, on University of Michigan Survival Flight training; and Ian Smith, citizen, representing People for the Ethical Treatment of Animals, on the use of animals in medical training.

There being no further business, the meeting was adjourned at 4:20 p.m. The next meeting will take place November 18, 2010.