

## **APRIL MEETING, 2006**

*The University of Michigan  
Ann Arbor  
April 21, 2006*

The Regents convened at 9:15 a.m. in the Regents' Room. Present were President Coleman and Regents Maynard, McGowan, Newman, Taylor, and White. Also present were Vice President and Secretary Churchill, Vice President Forrest, Interim Provost Gramlich, Vice President Harper, Executive Vice President Kelch, Vice President Krislov, Chancellor Little, Vice President May, Chancellor Mestas, Vice President Rudgers, Executive Vice President Slottow, and Vice President Wilbanks. Regent Brandon was absent; Regents Deitch and Richner participated via telephone.

### **Call to Order**

President Coleman called the meeting to order. She announced that the 75th anniversary program of the Hopwood Awards would be taking place that afternoon, noting that this is one of the country's most well-known awards for writing, with more than 3,000 awards having been presented since the founding of the program.

President Coleman also commented that commencement would take place on April 29, and that journalist Christiane Amanpour would be receiving an honorary degree and addressing the graduates.

### **Presentation: Stephen M. Ross School of Business**

President Coleman introduced Robert Dolan, dean of the Stephen M. Ross School of Business.

Dean Dolan gave a presentation describing how the Ross School is positioned among the other top business schools and the strategy the school has adopted to differentiate itself from the other schools. It is the only school among the top twelve that offers full-time, part-time, and executive MBA programs, along with a BBA program and an executive education program. The school has developed a program of “broad-based intellectual capital with impact” (a large research operation), and has incorporated this research into the classroom by curriculum innovation and by capitalizing on “co-creation opportunities.” The latter includes offering cross-disciplinary programs in cooperation with other schools and colleges at the University and allowing students to customize their program according to their individual needs, referred to as “action-based learning.”

Dean Dolan reported that the Ross School consistently ranks highly in research performance. He described two things that differentiate the school from others. One is the Michigan Leadership Program, which engages students before they start classes and helps them develop a customized, individual pathway that will help them acquire the leadership abilities they are seeking. Second, all first year MBA students are involved in Multidisciplinary Action Projects (“MAP”), which are 8-week projects involving companies all over the world. Thus, leadership capabilities are developed in three ways: through the MAP projects, through elective courses, and through non-credit activities. MAP and action-based learning also allow students to develop the full range of managerial skills in a way that is not possible using the typical case-study model. He explained that currently, students are involved with 85 projects, 59% of which are international. These include corporate and entrepreneurial venues, as well as non-profits, including an innovative project involving the Clinton HIV/AIDS Foundation in Rwanda.

In addition to action-based learning projects which send students out into the “real world,” the school also creates the real world on campus, through such entities as the Tozzi Electronic Business and Finance Center. Dean Dolan noted that the Ross School’s emphasis on action-based learning and practical experience led to its being named the top business school by the *Wall Street Journal* in 2004. He reported that yield numbers have improved significantly over the past ten years, as has the proportion of women.

Dean Dolan described some of the features of the BBA program, including the “Mastery Project” which helps at-risk students improve their competitiveness for admission to the program. He also discussed some of the programmatic support the school has received and described some of the challenges created by developing, recruiting, and retaining faculty. He noted that the school has created programs in such countries as Korea and India to provide additional opportunities for faculty and students.

## **Committee Reports**

**Finance, Audit and Investment Committee.** Regent White reported that the committee, including herself and Regents Brandon and McGowan, executive Vice President Slottow, and other staff, had met the day before and considered three topics: the Athletic Department five-year strategic operating and capital plan; the FY07 General Fund Budget; and an update on the University of Michigan Press.

**Personnel, Compensation and Governance Committee.** Regent Taylor reported that the committee had received an update on current dean searches; a status report on the LEO unit clarification petition; and briefings by Associate Vice President Laurita Thomas on HRAA recruitment and retention efforts as well as the HRAA organization and strategic vision. He

noted that the committee will be studying key performance indicators within HRAA at future sessions.

The Regents then turned to the consent agenda.

### **Consent Agenda**

**Minutes.** Vice President Churchill submitted for approval the minutes of the meeting of March 17, 2006.

**Reports.** Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report, the Regents' Report on Noncompetitive Purchases over \$5,000 from Single Sources, and the Human Resources and Affirmative Action (HRAA) Report. He reported that three of the child care centers on campus have been consolidated and are under the administrative supervision of Associate Vice President Laurita Thomas. The goal of the consolidation is to provide higher quality and increased infant and toddler child care capacity and improved physical facilities. He noted that enrollment has been expanded and other improvements have been made as a result of this consolidation, and that consideration is now being given to renovation of the facilities.

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

**Research Report.** Vice President Forrest submitted the Report of Projects Established, March 1- 31, 2006.

**University of Michigan Health System.** Executive Vice President Kelch called attention to a collaboration between M-Care and the Michigan Healthy Community through which the Healthwise information service provided to members of M-Care is now being made available to all University of Michigan faculty and staff.

**Division of Student Affairs.** Vice President Harper commented about the exceptional role students play in helping the institution reach its goals. She thanked Jesse Levine, outgoing president of MSA, for his work during the past year on a variety of issues. She also acknowledged incoming MSA president Nicole Stallings.

Vice President Harper also called attention to the request for approval of the 2005-06 University Housing Residence Hall and Northwood Community Apartments rates. The residence hall recommendation is for an average increase of 5.9% for room and board rates, which includes increases of 1.7% for utility costs; 2.2% for general expenses, including employee salaries and benefits; and 2% for the Residential Life Initiative, targeted to residence hall renewal. The recommended rate increase for Northwood Community Apartments (formerly Family Housing) is 3.5%, targeted at covering increased utility costs.

**University of Michigan-Dearborn.** Chancellor Little reported that next month he will be bringing forward a recommendation for the appointment of Susan Martin as provost of the Dearborn Campus. She is currently executive associate vice president for academic affairs at Grand Valley State University.

**University of Michigan-Flint.** Chancellor Mestas reported that the Flint Campus commencement exercises will be held May 7. William S. White, chairman and CEO of the C.S. Mott Foundation and an honorary degree recipient, will be the commencement speaker.

**Michigan Student Assembly Report.** President Coleman thanked MSA President Jesse Levine for his leadership during the past year. Mr. Levine introduced incoming president Nicole Stallings. Ms. Stallings outlined her plans for the coming year. These include strengthening MSA's connection to the student body in order to strengthen MSA's impact on campus. Other goals include continuing to work on engaging MSA alumni, and to achieve tangible

improvements in campus safety and security. She noted that plans are being developed to deal with anticipated tensions next fall with respect to the Michigan Civil Rights Initiative ballot proposal.

**Voluntary Support.** Vice President May submitted the Report of Voluntary Support for March 2006. He reported that since the last meeting, the campaign had reached \$2.1 billion toward the \$2.5 billion campaign goal. He also reported on progress in the faculty and staff campaign, noting that an event had been held for the 550 faculty and staff who had each contributed at least \$10,000.

**Personnel Actions and Personnel Reports.** Provost Gramlich submitted a number of personnel actions and reports. He noted that the University's science departments have been moving up in the *U.S. News and World Report* rankings in recent years. He also highlighted recommendations for the reappointment of Frances X. Blouin as director of the Bentley Historical Library, changes in title for Theodore L. Spencer (to associate vice provost and executive director of undergraduate admissions), and Catherine Shaw (to assistant provost).

**Retirement Memoirs.** Vice President Churchill submitted memoirs for 2 retiring faculty members.

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

**Degrees.** Provost Gramlich submitted for approval the doctoral degree list for the April 2006 commencement, the final degree list for the Law School December 18, 2005 commencement, and changes to previously approved degree lists.

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

The Regents then turned to consideration of the regular agenda. Regents Deitch and Richner joined the meeting by telephone at this point.

### **Conflict of Interest Items**

President Coleman announced that the agenda includes 5 conflict of interest items, each of which requires 6 votes for approval. On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved each of the following items:

#### **Amendment to License Agreement among the University of Michigan, Princeton University, University of Southern California, and Global Photonic Energy Corporation**

The Regents approved an amendment to a license agreement among the University of Michigan (“University”), Princeton University, University of Southern California, and Global Photonic Energy Corporation (“GPEC”) by which GPEC will add the University to its existing license with Princeton University and the University of Southern California. Because Stephen R. Forrest, a University faculty member and executive officer, is also partial owner of GPEC, 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 GPEC.
2. The amendment terms include adding the University as a party into the existing license which gives GPEC an exclusive license with the right to grant sublicenses to technology developed under their research funding. GPEC 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. Additional conflict of interest review will be done as appropriate
3. The pecuniary interests of Dr. Forrest arise from his ownership interest in GPEC. He will waive any personal participation in the sharing of revenue received by the University.

### **Subcontract Agreement between the University of Michigan and SubLamda Technologies, Inc.**

The Regents approved a subcontract agreement with SubLamda Technologies, Inc. to perform research at the University under the direction of Dr. Alan J. Hunt. Because Dr. Hunt is both an owner of Sublamda Technologies and a University of Michigan employee, this subcontract 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 SubLamda Technologies, Inc.
2. The terms of the agreement conform to University policy. Dr. Hunt will be the principal investigator for the project at the University to be conducted over an initial one-year period at an estimated total cost of \$48,838 including indirect cost at 9%, the rate that is available to all STTR Phase I proposals.
3. Dr. Hunt's pecuniary interest arises from his ownership of SubLamda Technologies, Inc. His participation in this project will only be in his capacity as an employee of the University.

### **Patent Option Agreement between the University of Michigan and Nico Technologies Incorporated**

The Regents approved a patent option agreement with Nico Technologies Incorporated ("Nico") for licensing of the following technology from the University: UM File No. 3339, "Fabrication of Inverted Colloidal Crystal Scaffolds for 3D Cell Cultures in a Standard Cell Culture Well-Plates and the use thereof in Biological Assays." Because Professor Nicholas Kotov is both a University of Michigan employee and a partial owner of Nico, 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 Nico Technologies, Inc.
2. Option terms include giving Nico the option to obtain exclusive license in the field of use of biomaterials with the right to grant sublicenses. 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 review by the Conflict of Interest Review Committee will be done as appropriate.

3. The pecuniary interest of Dr. Kotov arises from his ownership interest in Nico Technologies, Inc. He has waived any personal participation in the sharing of revenue received by the University.

### **Subcontract Agreement between the University of Michigan and EMAG Technologies, Inc.**

The Regents approved a subcontract agreement between the University of Michigan and EMAG Technologies, Inc. to fund a project in the College of Engineering under the direction of Dr. Roger DeRoo. Because Professor Kamal Sarabandi is both a University of Michigan employee and a co-founder and co-owner of EMAG Technologies, 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 EMAG Technologies, Inc.
2. The terms of the agreement conform to University policy. The period of performance for the project is 24 months and the amount of funding support is \$279,366.
3. Professor Sarabandi's pecuniary interest arises from his status as co-founder and co-owner of EMAG Technologies, Inc.

### **Option Agreement between the University of Michigan and InflaRX, Inc.**

The Regents approved an option agreement with InflaRX, Inc. to commercialize the following technologies from the University: UM OTT File No. 1663c1, "Compositions and Methods for the Treatment of Sepsis;" UM OTT File No. 1663p1, "Anti-C5A for the Treatment of Sepsis;" and UM OTT File No. 2416, "Diagnostic Test for Sepsis." Because Dr. Renfeng Guo is both a University of Michigan employee and a partial owner of InflaRX, Inc., this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and InflaRX, Inc.
2. Option terms include giving InflaRX, Inc. an exclusive option with the right to exercise the option and enter into an exclusive license agreement. 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 review by the Conflict of Interest Board will be done as appropriate.
3. The pecuniary interests of Dr. Guo arise from his ownership interest in InflaRX, Inc. He has waived any personal participation in the sharing of revenue received by the University.

Regent Deitch left the meeting at this point.

### **Report of University Internal Audits October 2005-February 2006**

The Regents received the report of the Office of University Audits activities for the period October 1, 2005 through February 28, 2006.

### **Financial Statements and Reports Pursuant to Federal Office of Management and Budget (OMB) Circular A-133**

The Regents received the Reports of Federal Awards in accordance with OMB Circular A-133 for the year ended June 30, 2005.

### **WUOM/WVGR/WFUM-FM and WFUM-TV Financial Statements for the Fiscal Year Ending June 30, 2005**

The Regents received the financial statements for the WUOM/WVGR/WFUM-FM and WFUM-TV for the fiscal year ending June 30, 2005, as required by the Corporation for Public Broadcasting. Executive Vice President Slottow reported that the stations had just completed a very successful fund drive. He noted also that the Phase 2 audit report has been completed and that revision of all policies and procedures related to internal controls is proceeding.

**Sale of Gifted Real Estate (*Gordon Hall*)**

Executive Vice President Slottow informed the Regents that the closing of the transaction for the sale of the Gordon Hall property had occurred on March 15, 2006.

**Sale of Gifted Real Estate (*Loudon, Tennessee*)**

Executive Vice President Slottow informed the Regents that the closing of the transaction for the sale of a lot in Loudon Tennessee had occurred on March 9, 2006, with the proceeds of the sale to benefit the Kellogg Eye Center.

**Alternative Asset Commitments (*Candover 2005 Fund, Summit Partners Private Equity Fund VII, L.P., Summit Partners Venture Capital Fund II, L.P., Vestar Capital Partners V, L.P., Menlo Ventures X, L.P.*)**

The Regents were informed that follow-on investments had been made with the following, previously approved private equity partnerships and venture capital partnerships: Candover 2005 Fund; Summit Partners Private Equity Fund VII, L.P.; Summit Partners Venture Capital Fund II, L.P.; Vestar Capital Partners V, L.P., and Menlo Ventures X, L.P.

**Alternative Asset Commitment [*Fortress Investment Fund IV (Coinvestment Funds)*]  
**Absolute Return Commitment (*Avenue Asia Special Situations Fund IV, L.P.*)****

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved commitment of \$7.0 million from the Long Term Portfolio to Fortress Investment Fund IV (Coinvestment Funds), and commitment of up to \$50.0 million from the Long Term Portfolio to Avenue Asia Special Situations Fund IV, L.P.

Regent Richner left the meeting at this point. Regent Newman explained that he was spending spring break vacationing with his family and had called in to assure a quorum.

### **Appointment of Auditors for Fiscal Years 2006 through 2008**

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved appointment of PricewaterhouseCoopers LLP as external auditors for fiscal years 2006 through 2008.

### **Sale of Commercial Paper by the University**

On a motion by Regent Taylor, seconded by Regent White, the Regents unanimously approved a resolution for the issuance of up to \$150 million of commercial paper supported by a pledge of General Revenues; the increase of up to \$125.3 million in the commercial paper outstanding. The Regents also authorized the executive vice president and chief financial officer, associate vice president for finance, or treasurer, to execute all the documentation for the establishment and issuance of the Series G and extension of Series E commercial paper and the roll-over of the outstanding Series F into the proposed Series G program, and to negotiate a liquidity facility, if appropriate. The resolution can be found in the appendix, page \_\_\_ .

INSERT RESOLUTION IN APPENDIX

### **Naming of the North Campus Auditorium in Honor of Penelope and E. Roe Stamps**

On a motion by Regent Taylor, seconded by Regent McGowan, the Regents unanimously approved formally designating the North Campus Auditorium that will be connected to the Charles R. Walgreen, Jr. Drama Center, the Stamps Auditorium.

### **Marie Dorothy Hartwig Women's Athletic Offices Renovation and Renaming**

On a motion by Regent Taylor, seconded by Regent Newman, the Regents unanimously approved the Marie Dorothy Hartwig Women's Athletic Offices Renovation Project as described, and authorized commissioning Jickling Lyman Powell Associates, Inc. for its design.

The Regents also approved changing the name of this building to the Marie Dorothy Hartwig Administration Building.

### **University of Michigan-Flint David M. French Hall Renovations**

Executive Vice President Slottow reported that the majority of the funding for this project will come from the State of Michigan 2005 Supplemental Capital Outlay Request. Chancellor Mestas commented about the importance of this renovation project to the Flint campus.

Executive Vice President Slottow introduced Deborah Sharp, project manager from DSA Architects, LLC. Ms. Sharp displayed schematic designs and floor plans and described the functions and activities that would be accommodated on each floor. On a motion by Regent Taylor, seconded by Regent McGowan, the Regents unanimously approved the schematic design for the University of Michigan-Flint David M. French Hall Renovations Project as presented at the meeting.

### **Mosher-Jordan Hall Renovation and Hill Dining Center**

On a motion by Regent Newman, seconded by Regent White, the Regents unanimously approved issuing the Mosher-Jordan Renovation and Hill Dining Center Project for bids and awarding construction contracts providing that bids are within the approved budget.

### **Stephen M. Ross School of Business Facilities Enhancement Project**

On a motion by Regent McGowan, seconded by Regent Maynard, the Regents unanimously approved issuing the Stephen M. Ross School of Business Facilities Enhancement Project for bids and awarding remaining construction contracts providing that bids are within the approved budget.

**University of Michigan Hospitals and Health Centers Arbor Lakes 2 Building Machine Room Structural Support Project**

On a motion by Regent Newman, seconded by Regent Maynard, the Regents unanimously approved the University of Michigan Hospitals and Health Centers Arbor Lakes 2 Building Machine Room Structural Support Project as described, authorized commissioning Stantec Consulting 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 University Hospital Magnetic Resonance Imaging Support Space Renovations**

On a motion by Regent Newman, seconded by Regent White, the Regents unanimously approved the University of Michigan Hospitals and Health Centers University Hospital Magnetic Resonance Imaging Support Space Renovations Project as described, authorized commissioning the architectural firm of Integrated Design Solutions for its design, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

**2006-07 University Housing Residence Hall and Northwood Community Apartments Rates**

On a motion by Regent Maynard, seconded by Regent Taylor, the Regents unanimously approved the rate recommendations for residence halls and Northwood Community Apartments for FY 2006-07, as enumerated in the Regents Communication.

**University of Michigan Health System (UMHS) Washtenaw Community Health Organization (WCHO) Appointment and Reappointment to the WCHO Board of Directors**

On a motion by Regent Taylor, seconded by Regent McGowan, the Regents unanimously approved the appointments of Cassandra McCallister (new appointment) and Diane Davidson (reappointment) to the board of directors of the Washtenaw Community Health Organization.

## **Proposed change to the Academic Calendars for the Fall Term 2006 and Fall Term 2007 for the University of Michigan-Dearborn Campus**

On a motion by Regent Taylor, seconded by Regent White, the Regents unanimously approved changes to the academic calendars for the Dearborn campus for fall term 2006 and fall term 2007, as described in the Regents Communication.

A ten-minute break followed.

### **Public Comments**

The Public Comments session began at 10:40 a.m. The Regents heard comments from the following individuals, on the topics indicated: Alan Krisch, faculty member, on the UM coercing faculty into retirement; David Boyle, alumnus, on UM investment and integrity issues; Stephen Rassi, student, Jessi Gan, student, Donald C. Pelz, emeritus faculty member, Sandra Samons, alumna, and Holly Burmeister, student, on implementation of the provost's TBLG Task Force recommendations; Jim Mogensen, citizen, on lifelong thinking and the town/gown relationship; Barry LaRue, staff and member of Ypsilanti City Council, on the University's contract with AATA; Simeon Anderson, student, on treatment of minority students by University administration; and Laurel Federbush, alumna, on divestment from Israel.

There being no further business, the meeting was adjourned at 11:40 a.m. The next meeting is scheduled for May 19, 2006.