

JANUARY MEETING, 2006

*The University of Michigan
Ann Arbor
January 20, 2006*

The Regents convened at 9:25 a.m. in the Regents' Room. Present were President Coleman and Regents Brandon, Deitch, Maynard, McGowan, Newman, Richner, 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.

Call to Order

President Coleman called the meeting to order. She welcomed Vice President Steve Forrest to his first Regents' Meeting and commented on the recent campus MLK Day activities. President Coleman also called attention to several recent deaths. She noted that as a result of the successful conclusion of the provost search, she would be recommending the appointment of Teresa Sullivan as provost and executive vice president for academic affairs.

Presentation: "Making the Michigan Difference in the Liberal Arts"

President Coleman introduced Dean Terrence McDonald, who gave a presentation about the College of Literature, Science, and the Arts (LSA). Dean McDonald first showed a brief video depicting individual students expressing the difference the education they've received at Michigan has made in their lives. He then went on to describe the college, noting that it is a comprehensive liberal arts college with more than 18,000 undergraduate and graduate students and more than 800 tenure-track faculty members. More than 2,000 LSA courses are offered each

semester, and 65 languages are taught. In addition, 71 of the college's departments, programs, and fields of study are ranked among the top 25 in the nation, and many of these are in the top 10 and top 5.

Dean McDonald observed that the college's graduation rates and first-year retention rates are among the highest in the country, and many of its initiatives are ranked among the best in the nation. He described a number of the college's academic initiatives and research highlights, and described recently completed and under construction new facilities that will benefit the college.

Dean McDonald noted that it is a continuous challenge for the college to recruit and retain outstanding faculty and to maintain the undergraduate experience it provides in the face of growing enrollment and reduced resources.

Following the presentation, Dean McDonald responded to questions from the Regents regarding his biggest challenges and the increasing size of the first year class. He commented that his biggest challenge is to maintain the college's outstanding faculty and student body while responding to the University's fiscal situation. In response to a question about the larger first year class size in recent years, he described measures being taken to more accurately predict enrollment yield. He also noted that the college has developed a system for adding extra class sections to deal with increased demand created by the increased enrollment, so that students are not faced with increased class sizes.

Committee Reports

Finance, Audit and Investment Committee. Regent Brandon reported that the committee had covered three topics during its meeting the day before. The first was a review of the first six months performance of the Hospitals and Health Centers (HHC) and an update on the HHC 10-year strategic capital plan. Executive Vice President Kelch, Interim Director and CEO Doug

Strong, and Interim Chief Financial Officer Tom Marks participated in this session. The committee then was updated on the University's debt program, including capacity, structure, policies, and strategies, by Associate Vice President Peggy Norgren, Treasurer Greg Tewksbury, and Assistant Treasurer Milagros Dougan. Finally, the committee met with Carol Senneff, executive director of University Audits, regarding the University-wide compliance strategy.

Personnel, Compensation and Governance Committee. Regent Taylor reported that the committee had received updates on search activities around the University and conducted a number of housekeeping measures.

The Regents then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of December 15, 2005.

Reports. Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report, the Human Resources and Affirmative Action (HRAA) Report, and the Regents' Report on Non-competitive Purchases over \$5,000 from Single Sources, September 16 through December 15, 2005. Regarding the HRAA report, he commented that a four-year agreement had been signed with the International Union of Operating Engineers.

Litigation Report. Vice President Krislov submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Projects Established, December 1-December 31, 2005.

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

Division of Student Affairs. No report was submitted.

University of Michigan-Flint. No report was submitted.

University of Michigan-Dearborn. Chancellor Little called attention to the establishment of the Richard E. Czarnecki Collegiate Professorship in the School of Management.

Michigan Student Assembly Report. MSA President Jesse Levine commented that this would be his last semester at the University and his undergraduate experience had been extremely positive. He then enumerated some of the “big picture”, long-term issues that will continue to be of concern to MSA. These include off-campus housing, campus safety, a strong relationship with Ann Arbor City Council.

Voluntary Support. Vice President May reported that the gift receipt total for the December 2005 had been extraordinary, as had the number of gift pledges. The campaign is within \$7 million of reaching the \$2 billion level of its \$2.5 billion goal, but a good deal more work will be required to reach this goal.

Personnel Actions and Personnel Reports.

Provost Appointment. President Coleman highlighted the background and career of Teresa Sullivan, who is being recommended for appointment as provost and executive vice president for academic affairs. She also commented on the appointment of Dr. Sullivan’s husband, Douglas Leacock, as professor of law, noting that he is a leading scholar on the freedom of religion clause of the First Amendment.

Regent Taylor commended the president and the Provost Search Advisory Committee for having reached such an outstanding conclusion to its search, noting that the Regents are very pleased with the outcome. Provost Gramlich submitted a number of personnel actions and personnel reports.

Executive Vice President and Chief Financial Officer. President Coleman noted that Executive Vice President and Chief Financial Officer Slottow is being recommended for reappointment, and she praised his performance since assuming this position.

Other appointments. President Coleman also noted that Interim Provost Gramlich is being recommended for appointment as special advisor to the president from June 1 through August 31, 2006.

Interim Provost Gramlich commented on the appointment of Douglas Leacock as professor of law, pointing out that he is a noted scholar in the areas of remedies and the field of religious liberty, and that this is a significant appointment for the Law School.

Retirement Memoirs. Vice President Churchill submitted memoirs for 3 retiring faculty members.

Memorials. Vice President Churchill submitted memorial statements for three faculty members whose deaths had been reported previously. She also reported the death of David Fleischer, associate professor of pharmacological sciences, who had died on January 7th at age 61. A memorial statement for Professor Fleischer will be included with the February agenda.

Degrees. There are no actions with respect to degrees this month.

Appointment approvals. On a motion by Regent McGowan, seconded by Regent Maynard, the Regents unanimously approved the appointment of Teresa A. Sullivan as provost and executive vice president for academic affairs, and professor of sociology, with tenure.

On a motion by Regent Brandon, seconded by Regent White, the Regents unanimously approved the reappointment of Timothy P. Slottow as executive vice president and chief financial officer.

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

The Regents then turned to consideration of the regular agenda.

Alternative Asset Commitment (JBG Investment Fund V)

Executive Vice President Slottow requested that this item be removed from consideration.

Alternative Asset Commitment (GSR Ventures, L.P.)
Alternative Asset Commitment (HealthCap V, L.P.)
Equity Investment (Convexity Capital Offshore, L.P.)

On a motion by Regent White, seconded by Regent Newman, the Regents unanimously approved the following investments: commitment of \$5.0 million from the Long Term Portfolio to GSR Ventures, L.P.; commitment of up to €15 million from the Long Term Portfolio to HealthCap V, L.P.; and initial funding of \$150 million from the Long Term Portfolio to Convexity Capital Offshore, L.P.

South State Commons II, LLC, Data Center Leasehold Improvements

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved the South State Commons II, LLC, Data Center Leasehold Improvements Project as described in the Regents Communication.

College of Pharmacy Building Third Floor Laboratory Renovations

On a motion by Regent Newman, seconded by Regent McGowan, the Regents unanimously approved the College of Pharmacy Building Third Floor Laboratory Renovations Project as described, 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 seven conflict of interest items, each of which requires six votes for approval. Regent Richner requested recusal from the request for an option agreement between the University of Michigan and Innovative Biotherapies, Inc. Therefore, this item was considered separately from the six other conflict items. On a motion by Regent McGowan, seconded by Regent Newman, the Regents unanimously approved the following six items:

Renewal of Lease Agreement with 1250 N. Main LLC

The Regents approved a lease renewal agreement with 1250 N. Main LLC for 14,000 square feet of property located at 1250 North Main Street, Ann Arbor, Michigan. Because Peter A. Allen, part owner of 1250 N. Main LLC, is also a University of Michigan employee, 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 contract are the Regents of the University of Michigan and 1250 N. Main LLC.
2. The service to be provided is the continued lease of 14,000 square feet in a building at 1250 North Main Street, Ann Arbor, Michigan, for one year. The lease will run from July 16, 2006 through July 15, 2007, at a monthly rate of \$16,891.00. Tenant will continue to be responsible for gas and electric usage plus janitorial service and will continue to be responsible for all operating expenses of the building.
3. The pecuniary interest arises from the fact that Mr. Allen, a University of Michigan employee, is part owner of 1250 N. Main LLC.

4th Amendment to License Agreement between the University of Michigan and Oncomed Pharmaceuticals, Inc.

The Regents approved an amendment to a license agreement with Oncomed Pharmaceuticals, Inc., to add the following technology files to its existing license: “Methods for Treating and Diagnosing Head and Neck Cancer” (UM OTT File No. 3211), “Methods for Treating and

Diagnosing Cancer: Array Analysis of Colon and Head and Neck Cancer Stem Cells” (UM OTT File No. 3221), “Methods for Treating and Diagnosing Cancer” (UM OTT File No 3222), and “Methods for Identifying Mouse Breast Cancer Stem Cells” (UM OTT File No. 3223). Because Drs. Max Wicha and Sean Morrison, part owners of Oncomed Pharmaceuticals, Inc., are also University of Michigan employees, 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 contract are the Regents of the University of Michigan and Oncomed Pharmaceuticals, Inc.
2. The amendment terms include giving Oncomed an exclusive license with the right to grant sublicenses. Oncomed 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 review by the Medical School Conflict of Interest Board will be done as appropriate.

3. The pecuniary interest arises from the fact that Drs. Wicha and Morrison, University of Michigan employees, are part owners of Oncomed Pharmaceuticals, Inc. Neither Dr. Wicha nor Dr. Morrison is an inventor on any of the added technology files.

5th Amendment to License Agreement between the University of Michigan and Oncomed Pharmaceuticals, Inc.

The Regents approved an amendment to a license agreement with Oncomed Pharmaceuticals, Inc., to add the following technology files to its existing license: “Self-renewal of Human Mammary Stem Cells” (UM OTT File No. 3231) and “Targeting the Notch Signaling Pathway in Breast Cancer Stem Cells” (UM OTT File No. 3232). Because Drs. Max Wicha and Sean Morrison, part owners of Oncomed Pharmaceuticals, Inc., are also University of Michigan employees, 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 contract are the Regents of the University of Michigan and Oncomed Pharmaceuticals, Inc.
2. The amendment terms include giving Oncomed an exclusive license with the right to grant sublicenses. Oncomed 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 review by the Medical School Conflict of Interest Board will be done as appropriate.

3. The pecuniary interest arises from the fact that Drs. Wicha and Morrison, University of Michigan employees, are part owners of Oncomed Pharmaceuticals, Inc. Dr. Morrison is not an inventor on any of the added technology files.

License Agreement with Compendia, Inc.

The Regents approved a license agreement with Compendia, Inc., for the following technologies: “Cancer Microarray Compendium and Data-Mining Platform (ONCOMINE)” (UM OTT File No. 2658), “HiMAP (Human Interactome Map) Database and Web Application” (UM OTT File No. 3266), and “MCM (Molecular Concept Map) Database and Web Application” (UM OTT File No. 3272). Because Dr. Arul Chinnaiyan and Mr. Daniel Rhodes, part owners of Compendia, Inc., are also University of Michigan employees, 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 contract are the Regents of the University of Michigan and Compendia, Inc.
2. The amendment terms include giving Compendia an exclusive license with the right to grant sublicenses. Compendia will pay a royalty on sales. 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 review by the Medical School Conflict of Interest Board will be done as appropriate.

3. The pecuniary interest arises from the fact that Dr. Chinnaiyan and Mr. Rhodes, University of Michigan employees, are part owners of Compendia, Inc. They have waived any personal participation in the sharing of revenue received by the University.

Amendment to License Agreement between the University of Michigan and Attenuon, LLC

The Regents approved an amendment to a license agreement with Attenuon, LLC, for the technology titled “Method and Composition for Inducing Apoptosis in Cancer Cells” (UM OTT File No. 2739). Because Drs. George Brewer, Sofia Merajver, and Dimitri Coucouvanis, and Mr. Robert Dick have an ownership interest in Attenuon, LLC, and are also University of Michigan employees, 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 contract are the Regents of the University of Michigan and Attenuon, LLC.
2. The current license agreement gives Attenuon an exclusive license to the technologies. The company reimburses patent costs and pays a royalty on sales. 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.

3. The pecuniary interest arises from the fact that Drs. Brewer, Merajver, and Coucouvanis and Mr. Dick, University of Michigan employees, have an ownership interest in Attenuon, LLC.

License Agreement with GoKnow, Inc.

The Regents approved a license agreement with GoKnow, Inc., for the technology titled “GoObserve” (UM File No. 3317). Because Dr. Elliot Soloway, partial owner of GoKnow, Inc., is also a University of Michigan employee, 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 contract are the Regents of the University of Michigan and GoKnow, Inc.
2. The license terms include granting GoKnow an exclusive license with the right to grant sublicenses. GoKnow will pay a one-time license fee. 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.

3. The pecuniary interest arises from the fact that Dr. Soloway, a University of Michigan employee, is part owner of GoKnow, Inc. He has waived any personal participation in the sharing of revenue received by the University.

Amendment to Option Agreement with Innovative Biotherapies, Inc.

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved an amendment to an option agreement with Innovative Biotherapies, Inc., for the technology titled “Implantable Bioartificial Hemofilter” (UM OTT File No. 3245). Regent Richner recused himself from consideration of this item due to a conflict of interest.

Because Dr. H. David Humes, part owner of Innovative Biotherapies, Inc., is also a University of Michigan employee, 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 contract are the Regents of the University of Michigan and Innovative Biotherapies, Inc.
2. The current option agreement gives Innovative Biotherapies an exclusive option to the technologies. The company reimburses patent costs and continues evaluation of the technologies. 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. Additional review by the Medical School Conflict of Interest Board will be done as appropriate.

3. The pecuniary interest arises from the fact that Dr. Humes, a University of Michigan employee, is part owner of Innovative Biotherapies, Inc. He has waived any personal participation in the sharing of revenue received by the University.

Revision of Regents' Bylaw Section 11.53: The School of Social Work: The Executive Committee

On a motion by Regent Newman, seconded by Regent Maynard, the Regents approved a change in the makeup of the School of Social Work Executive Committee so as to include one un-tenured faculty member of the professorial staff. The text of the revised bylaw follows (additions are underlined; deletions are crossed out).

Bylaw Sec. 11.53. The School of Social Work: The Executive Committee

The executive committee will consist of the dean and six members of the governing faculty, five tenured and one un-tenured member of the professorial staff, to be appointed by the board on recommendation by the president. The appointed tenured members will hold office for three years, and the appointed un-tenured member will hold office for two years. †The terms will be adjusted so that no more than two tenured appointments will expire each year. The appointed members will not be eligible for reappointment until after the lapse of one year. The dean will chair the committee.

The business meeting concluded at 10:25 a.m. It was followed by a 30-minute break.

Public Comments

The Public Comments session began at 10:55 a.m. The Regents heard comments from the following individuals, on the topics indicated: Aparna Bole, student, and Tracey Easthope, citizen and environmental health director of the Ecology Center, on environmentally responsible design and construction of the new C.S. Mott Children's Hospital; Jim Mogensen, citizen, on "the edifice complex"; David Boyle, alumnus, on MLK and a UM pledge not to invest in Sudan; Alice Ralph, alumna and Washtenaw County Historic District commissioner, on the Gordon Hall Historic District; Jonathan Mycek, student, on certification of public safety officers at UM-Dearborn; Marcia Federbush, citizen, on ceasing the University's business relationship with Coca-Cola and divesting from companies assisting Israel's military; and Alex Oster, student and member of students for PIRGIM, on student financial aid cuts.

There being no further business, the meeting was adjourned at 11:40 a.m. The next meeting is scheduled for February 17, 2006.