

DECEMBER MEETING, 2005

*The University of Michigan
Ann Arbor
December 15, 2005*

The Regents convened at 2:10 p.m. in the Regents' Room. Present were President Coleman and Regents Brandon, Deitch, Maynard, Newman, Richner, Taylor, and White. Also present were Vice President and Secretary Churchill, 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, Vice President Ulaby, and Vice President Wilbanks. Regent McGowan arrived at 2:50 p.m.; Regent White left the meeting at 3:00 p.m.

Call to Order

President Coleman called the meeting to order and welcomed everyone to the final Board of Regents' Meeting of 2005.

President Coleman commented on the presentations to be made at the meeting. She also announced that Chancellor Mestas had recently made a generous gift of \$50,000 toward scholarship support for UM-Flint students, in addition to a \$500,000 bequest for the Juan E. Mestas Scholarship. She thanked him for his generosity.

President Coleman also noted that this would be the last meeting for Vice President Fawwaz Ulaby, who is stepping down after seven years as vice president for research. She thanked him for his leadership and a round of applause followed.

President Coleman commented that the Royal Shakespeare Company (RSC) would be returning to campus October 24 through November 12, 2006. Ann Arbor will be the only venue

in the United States where the RSC will be performing any of the plays in its complete cycle of Shakespeare's plays it will be doing that year.

Regent Maynard commented about how much Chancellor Mestas' gift meant to the University of Michigan-Flint campus, and that it speaks to the great leadership he has provided.

Presentation: "Nursing at Michigan: It Makes All the Difference"

President Coleman introduced Dean Ada Sue Hinshaw, who made a presentation about current programs and activities at the School of Nursing. She noted that the Bachelor of Science in Nursing program has increased from 456 students in 2001 to 615 in 2005, and that the "Accelerated Second Career Program," which began in 2004 with 24 students, doubled in size in 2005. Dean Hinshaw reported that the school ranks third nationally, its B.S.N.-Ph.D. program is one of the top programs in the country, and research productivity has dramatically increased in recent years. The two major challenges faced by the school are recruitment and retention of faculty and the need for expansion and/or renovation to meet current needs for space.

Following the presentation, Dean Hinshaw responded to questions from President Coleman and the Regents. President Coleman then called on Vice President Harper to provide an overview of the activities of the Division of Student Affairs.

Division of Student Affairs Overview

Vice President Harper described the mission and functions of the Division of Student Affairs (DSA), noting that the mission statement includes commitment to students' learning, development of the whole student, a diverse campus community, partnerships with schools and colleges, and student transformation. She described the varied functions of the DSA and noted that the work of the division is informed by theory and research, most of which is concerned

with systematic change in students over time while in college. She described the characteristics of the four generations that can currently be found on college campuses, and noted that each of these has a common set of attitudes, beliefs and behaviors, and location in the historical continuum. She described the general traits of current undergraduate students, who are members of the “Millenium” generation, and specific characteristics of Michigan undergraduates, noting that these data inform the division’s program offerings and other student life initiatives.

She concluded that the challenge is to “invite students to bring their life experiences into the learning process, to reflect upon their own and others’ perspectives, to expand their viewpoint, and to apply new understanding to their lives. At Michigan, we also aspire to have our students live the Michigan difference by making a contribution to their university community and also by changing the world in which they live.”

Following some discussion, President Coleman called on Steve Grafton, director of the Alumni Association.

Alumni Update

Mr. Grafton noted that one of the biggest factors in alumni involvement is their experience as students. He provided an update on what he has been hearing from alumni and the kinds of feedback they give about the University and other issues that are important to them. Mr. Grafton also commented that for some time the Alumni Association has wanted to develop relationships with alumni who live overseas and that President Coleman’s recent visit to China provided the impetus for the association to enhance its relationship with alumni in China. The Alumni Association plans to return to China regularly to further develop this relationship. He praised President Coleman for her leadership in supporting global outreach to University alumni.

Mr. Grafton informed the Regents about the feedback he's received about the University from a series of meetings with alumni that he has been convening around the country. Of particular interest, he noted that alumni are proud of the University. They are pleased with the University's efforts to enhance the undergraduate experience and to improve student housing, but express concern about the affordability of and access to quality higher education. They also value the University's efforts to achieve diversity and are concerned about the decline in state support for higher education. With respect to Michigan Stadium, alumni are strongly in favor of having it remain the nation's largest college football stadium.

Mr. Grafton concluded that alumni express a high degree of satisfaction with the University of Michigan, and the Alumni Association is continuing its efforts to enhance alumni participation and to engage alumni more deeply in the life of the University.

Following some discussion about Mr. Grafton's report, President Coleman turned to the regular agenda. She noted that due to the fact that there were no committee meetings this month there would be no committee reports.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of November 17, 2005.

Reports. Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report, and the Human Resources and Affirmative Action Report. He announced that the Hill Auditorium renovation project had received an honor award from the AIA Detroit. He commented that the units had been informed of sharp increases in the cost of natural gas, even though actions taken by the University on a number of levels had helped to mitigate these costs somewhat.

Litigation Report. Vice President Krislov submitted the Litigation Report.

Research Report. Vice President Ulaby submitted the Report of Projects Established, November 1-November 30, 2005.

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

Division of Student Affairs. Vice President Harper introduced members of her staff who were present at the meeting and called attention to the recommended reappointment of Susan Eklund as dean of students.

University of Michigan-Dearborn. Chancellor Little updated the Regents about progress in the Dearborn campus's efforts to certify its public safety officers. He reported that the two required public hearings had taken place earlier that month and a formal proposal would be brought forward for Regental approval early in 2006. He said that the primary reasons the campus is seeking certification are to give officers the ability to enforce traffic regulations and to intervene in potentially violent or dangerous situations. He said that the total cost of completing the certification process would be \$200,000 over a four-year period.

Chancellor Little also reported that the UM-Dearborn had received a Ford Foundation "Difficult Dialogs" award, and this represents a validation of the importance of the campus's "metropolitan vision."

University of Michigan-Flint. Chancellor Mestas commented that the campus's strategic plan has been endorsed unanimously by all campus constituencies and is now in the process of being implemented. The three pillars of the plan: academic excellence, student centeredness, and engaged citizenship, are being incorporated into the budget planning process for next year.

Students displaced by Hurricane Katrina. Provost Gramlich reported that in early September the University had admitted 65 students from campuses in New Orleans as

non-candidate-for-degree (“NCFD”) students, which allowed them to continue progress toward their degrees with the understanding that they would return to their home institutions when these institutions reopened. The students had received tuition grants covering the full cost of tuition and fees. In November, officials at Tulane, Loyola, and the University of New Orleans confirmed that those institutions were prepared to welcome students back in January, while Xavier University, which will not be reopening yet, has authorized the University of Michigan to retain its students for another term.

In November all of these NCFD student were notified that they were expected to return to their home institutions unless extenuating circumstances made it impossible for the student to make progress toward his or her degree. He noted that federal regulations preclude the University of Michigan from providing aid to these students who remain at Michigan unless authorized by their home institution. Students with extenuating circumstances are being dealt with on a case-by-case basis in the individual admitting offices, while students who wish to transfer will be considered for admission and financial aid based on the University’s standard eligibility requirements.

Associate Provost Lester Monts responded to questions about this program. Regent Newman pointed out that there was an understanding among the New Orleans universities and the University of Michigan and other institutions that had temporarily accommodated the displaced students that the accommodation would last only until the home institutions were able to reopen and welcome them back. President Coleman and Associate Provost Monts pointed out that each student’s situation was being treated on a case-by-case basis.

Michigan Student Assembly Report. MSA President Jesse Levine thanked President Harper for her leadership on behalf of students. He then gave updates on current MSA programs and activities.

Voluntary Support. Vice President May reported that there had been a large number of new pledges to the campaign in the past few months, bringing the total raised to date to \$1.946 billion.

Personnel Actions and Personnel Reports. Provost Gramlich submitted a number of personnel actions and personnel reports. He highlighted recommendations for the reappointment of Robert Dolan as dean of the Stephen M. Ross School of Business and Interim Dean Deborah Ball as dean of the School of Education.

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

Memorials. Vice President Churchill reported the deaths of two faculty members: John Omnaas, assistant research scientist in the College of Pharmacy, and Thomas Carli, assistant dean and associate professor of psychiatry in the Medical School. Formal memorial statements will be included in the January agenda.

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

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

The Regents then turned to consideration of the regular agenda. Regent White left the meeting at this point, at 3:00 p.m., and therefore did not vote on any of the agenda items.

Fiscal Year 2007 Capital Outlay Submission All Campuses

Executive Vice President Slottow submitted for information the capital outlay requests for Fiscal Year 2007. Included in the request are three projects for the Ann Arbor campus, one project for the Dearborn campus, and no projects for the Flint campus.

Supplemental Information to the Audited Financial Statements of the Department of Intercollegiate Athletics of the University of Michigan for the Year Ended June 30, 2005

Executive Vice President Slottow submitted supplemental information to the audited financial statements of the Department of Intercollegiate Athletics for the year ended June 30, 2005.

Alternative Asset Commitments (follow-on investments)

The Regents were informed of two follow-on investments that have been made to previously approved partnerships: \$15 million to Cabot Industrial Value Fund II, L.P. (real estate fund) and \$40 million to Avenue Special Situations Fund IV (distressed debt).

New Absolute Return Investment and Alternative Asset Commitments

On a motion by Regent Newman, seconded by Regent Maynard, the Regents approved the following commitments:

- \$40 million from the University Investment Pool to NGP Income Co-Investment Opportunities Fund II, L.P. (absolute return)
- \$35 million from the Long Term Portfolio to Greenfield Land Partners I, L.P. (real estate)
- \$15.0 million from the Long Term Portfolio to IDG-Accel China Growth Fund I, L.P. (venture capital investments in China)

Engineering Research Buildings 1 and 2 Optics Group Laboratory Renovation

On a motion by Regent Newman, seconded by Regent McGowan, the Regents unanimously approved the Engineering Research Buildings 1 and 2 Optics Group Laboratory

Renovation Project as described in the Regents Communication, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Fletcher Street Parking Structure Structural Repairs

On a motion by Regent Newman, seconded by Regent Brandon, the Regents unanimously approved the Fletcher Street Parking Structure Structural Repairs Project as described in the Regents Communication, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Multiple Buildings Asbestos Abatement Project

Regent Newman moved approval of an asbestos abatement project in buildings planned for demolition as a result of the Stephen M. Ross School of Business Facilities Enhancement Project, and authorization for issuing the project for bids and awarding construction contracts providing that bids are within the approved budget. Regent Maynard seconded the motion, and it was approved unanimously.

University of Michigan-Flint David M. French Hall Renovations

On a motion by Regent Newman, seconded by Regent Brandon, the Regents unanimously approved the University of Michigan-Flint David M. French Hall Renovations Project as described in the Regents Communication, and authorized commissioning DSA Architects, LLC for its design.

University of Michigan Transportation Research Institute Fire Alarm System Upgrade and Fire Suppression System Installation

On a motion by Regent Newman, seconded by Regent Brandon, the Regents unanimously approved the University of Michigan Transportation Research Institute Fire Alarm

System Upgrade and Fire Suppression System Installation Project as described in the Regents Communication, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Student Activities Building Renovation Project

Executive Vice President Slottow introduced Jim Meredith, principal at Gensler Architects, to present the schematic design for renovations to the Student Activities Building. Mr. Meredith displayed floor plans and other renderings and described how the renovations and enhancements would increase the efficiency and effectiveness of people who work in the building. The building will also become more transparent to students, making it easier and more convenient for them to obtain services from offices located in that building. Equally important, the renovations will help attract prospective students to the University.

Executive Vice President Slottow commented that the renovation will transcend organizational barriers. With staff from three vice presidential areas providing services to students in this building, the space will be restructured in a way that is seamless to students. It was noted that there is space available within the building to be used to temporarily house offices displaced during the renovation.

On a motion by Regent Deitch, seconded by Regent Taylor, the Regents unanimously approved the schematic design for the Student Activities Building Renovation Project as presented at the meeting.

University of Michigan Hospitals and Health Centers (UMHHC) Cardiovascular Center Project Phase I Operating Room Expansion

On a motion by Regent Taylor, seconded by Regent McGowan, the Regents unanimously approved the University of Michigan Hospitals and Health Centers Cardiovascular Center

Project Phase I Operating Room Expansion project as described, authorized commissioning the architectural firm of Shepley, Bulfinch, Richardson and Abbott 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 (UMHHC) North Ingalls Building Café Renovations

On a motion by Regent Taylor, seconded by Regent Brandon, the Regents unanimously approved the University of Michigan Hospitals and Health Centers (UMHHC) North Ingalls Building Café Renovations Project as described, authorized commissioning the engineering firm of Stantec Consulting Michigan, Inc. for its design, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

University of Michigan Hospitals and Health Centers (UMHHC) University Hospital Nuclear Medicine Pharmacy Renovation

On a motion by Regent Brandon, seconded by Regent Taylor, the Regents unanimously approved the University of Michigan Hospitals and Health Centers (UMHHC) Nuclear Medicine Pharmacy Renovation Project as described, authorized commissioning the architectural firm of HarleyEllis 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 (UMHHC) University Hospital Observation Unit Renovation

On a motion by Regent Brandon, seconded by Regent McGowan, the Regents unanimously approved the University of Michigan Hospitals and Health Centers (UMHHC) University Hospital Observation Unit Renovation Project as described in the Regents Communication, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved project budget.

Conflict of Interest Items

President Coleman announced that the agenda includes five conflict of interest items, each of which requires six votes for approval. Regent Richner requested recusal from the request for a subcontract agreement between the University of Michigan and Innovative Biotherapies, Inc. Therefore, this item was considered separately from the four other conflict items. On a motion by Regent McGowan, seconded by Regent Newman, the Regents unanimously approved the following items:

Contract between the University of Michigan and Picocal, Inc.

The Regents approved a contract with Picocal, Inc., for the purchase of scanning thermal probes. Because Angelo Gaitas, a shareholder and president of Picocal, Inc., and Yogesh Gianchandani, a shareholder of Picocal, Inc., are both University of Michigan employees, 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 College of Engineering, and Picocal, Inc.
2. The product provided is scanning thermal probes, for a total dollar amount of \$1,950.00.
3. The pecuniary interest arises from the fact that Angelo Gaitas and Yogesh Gianchandani, both University of Michigan employees, are president shareholders of Picocal, Inc.

Amendment to License Agreement between the University of Michigan and GMP Immunotherapeutics, Inc.

The Regents approved an amendment to a license agreement between the University of Michigan and GMP Immunotherapeutics, Inc. (“GMP”) which involves adding additional technologies to the original license agreement. Because Professors Gary Glick and Anthony Oipari are both employees of the University of Michigan and partial owners of GMP, 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 GMP.
2. Amendment terms include giving GMP an exclusive license with the right to grant sublicenses to the technologies referenced in the Regents Communication. Additional diligence and milestone payments will apply. 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 interests of Drs. Glick and Opipari arises from their ownership interest in GMP.

Option Agreement between the University of Michigan and Powerix Technologies, LLC

The Regents approved an option agreement with Powerix Technologies, LLC (“Powerix”), to license from the University the technology entitled “Rotary Ramjet Turbo-generator, invented by Professor Werner Dahm (UM File No. 2952). Because Professor Jun Ni and Professor Werner Dahm are both University of Michigan employees and members of the board of directors of Powerix, 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 Powerix Technologies, LLC.
2. Option terms include giving Powerix a one-year exclusive option to negotiate an exclusive license with the right to grant sublicenses. Powerix will reimburse patent costs during the term of the option agreement and would pay a royalty on sales and reimburse patent costs if the option is exercised and a license is executed. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally.

No other 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 Committee will be done as appropriate.

3. The pecuniary interest of Professors Ni and Dahm arise from their ownership interest in Powerix. They have waived any personal participation in the sharing of revenue received by the University.

Research Agreement between the University of Michigan and Powerix Technologies, LLC

The Regents approved a research agreement between the University of Michigan and Powerix Technologies to fund a project in the College of Engineering in which the principal investigator is Professor James Driscoll and co-investigator is Professor Werner Dahm. Because Professors Jun Ni and Werner Dahm are both employees of the University and partial owners and members of the board of directors of Powerix Technologies, 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 Powerix Technologies, LLC.
2. The total subcontract to the University will be \$670,560.00 for the period September 1, 2005 through August 31, 2007. 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 review by the Conflict of Interest Committee will be done as appropriate. The subcontract terms are consistent with University policies and Regental bylaws.
3. Professors Jun Ni and Werner Dahm's pecuniary interest arises from their status as partial owners and board members of Powerix Technologies, LLC. Dr. Dahm will only participate in the project as an employee of the University and Dr. Ni is not involved in the project.

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

On a motion by Regent Maynard, seconded by Regent Brandon, the Regents unanimously approved a subcontract agreement between the University of Michigan and Innovative Biotherapies, Inc. ("InnoBio"). Regent Richner recused himself from participating in this matter due to a conflict of interest.

Because Dr. H. David Humes is both an employee of the University who will serve a principal investigator on the subcontract, and a founder, owner, director and officer of InnoBio,

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 InnoBio.
2. The terms of the proposed agreement conform to University policy. The project at the University is to be conducted over an initial twelve-month period at an estimated total cost of \$125,937. 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 review by the Conflict of Interest Committee will be done as appropriate.
3. Dr. Humes' pecuniary interest arises from his ownership interest in Innovative Biotherapies.

Electrical Engineering and Computer Science Building Wireless Integrated Measurement Systems Laboratory Renovation

On a motion by Regent Brandon, seconded by Regent Richner, the Regents unanimously approved the Electrical Engineering and Computer Science Building Wireless Integrated Measurement Systems Laboratory Renovation Project as described in the Regents Communication, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

New Degree Program for the Gerald R. Ford School of Public Policy

On a motion by Regent McGowan, seconded by Regent Brandon, the Regents approved a new undergraduate degree program, "Bachelor of Arts in Public Policy," to be offered by the Gerald R. Ford School of Public Policy.

Revision to Regents' Bylaw 11.59 (*The Advisory Board on Intercollegiate Athletics: Organization*)

On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved revision to Regents' Bylaw 11.59, specifically with regard to the role and responsibilities of the Academic Performance Committee. The revised bylaw follows.

Regents' Bylaw Sec. 11.59. The Advisory Board on Intercollegiate Athletics: Organization
(Additions are underlined; deletions are crossed out.)

Members of the Advisory Board will be appointed on or before the first of July each year. The officers of the Advisory Board will be a chair, a secretary, and such other officers and committees as will be authorized or chosen by the board. The director of athletics will be chair, *ex officio*, without vote. The chair will act as presiding officer at board meetings and will act as the board's general executive officer.

There will be a Committee on Academic Performance consisting of the faculty members of the board; and, ~~in addition~~, a representative of the registrar of the University. The committee will report to and advise the provost and executive vice president for academic affairs and, subject to the final authority of the provost, will have authority to examine and appraise the academic performance of ~~all candidates for~~ intercollegiate ~~athletic teams~~ athletes, to determine their eligibility for competition in intercollegiate athletics, and to take any other action regarding such candidates as may seem necessary or appropriate ~~in~~ under the circumstances.

A five-minute break followed.

Public Comments

The Public Comments session began at 4:10 p.m. The Regents heard comments from the following individuals, on the topics indicated: Lauren Beyer O'Connell, student, Richard Bole, student, and Rachel Baker, citizen, on environmentally responsible design and construction of the new C.S. Mott Children's Hospital; Jim Mogensen, citizen, on fiduciary responsibility in the town-gown relationship; Alexandra Moffett-Bateau, student, Michael Smith, student and member of the MSA Minority Affairs Commission, and Adrienne Waller, student and speaker of the Black Student Union, on the topic of the Michigan Daily's climate and recent publications regarding minorities; David Boyle, alumnus, on passage of a resolution not to invest in Sudan; and Anne Handyside, student, on the effects of *The Every Three Weekly* campus newspaper on campus climate.

There being no further business, the meeting was adjourned at 4:50 p.m. The next meeting is scheduled for January 20, 2006.