

FEBRUARY MEETING, 2007

Approved by the Regents
March 15, 2007

*The University of Michigan
Ann Arbor
February 15, 2007*

The Regents convened at 3:05 p.m. in the Regents Room. Present were President Coleman and Regents Darlow, Maynard, McGowan, Newman, and Richner. Also present were Vice President and Secretary Churchill, Vice President Forrest, Vice President Harper, Acting Chancellor Kay, Executive Vice President Kelch, Vice President Krislov, Chancellor Little, Vice President May, Interim Vice President Peterson, Executive Vice President Slottow, Provost Sullivan, and Vice President Wilbanks. Regents Deitch, Taylor, and White were absent. Regent White participated in a portion of the meeting by telephone.

Call to Order

President Coleman called the meeting to order. She welcomed Julie Peterson, interim vice president for communications, to the Regents' Meeting.

President Coleman commented on the death of Jon Cosovich, former vice president for development, who had played a critical role in the Campaign for Michigan in the 1990s.

President Coleman noted that the University and the city had been working with other local entities to absorb and respond to the recently announced closing of the Pfizer Corporation. She stated that the community's first priority is to provide employment opportunities for Pfizer workers who wish to stay in Washtenaw County, while also exploring opportunities presented by the high quality facilities that Pfizer will be vacating.

President Coleman also commented on an energy symposium that had recently been held on campus, organized by the Office of the Vice President for Research and the Michigan

Memorial Phoenix Research Institute, and featuring an address by the U.S. Secretary of Energy, Samuel Bodman.

Presentation: Life Sciences Institute

President Coleman introduced Alan Saltiel, director of the Life Sciences Institute. He described the challenges that the institute has faced since its inception, including attracting talented faculty from diverse fields, developing hubs that can serve as centers through which people can collaborate on their research projects, providing a means for faculty to work together on the same projects from different perspectives, and establishing programs and activities which enable faculty and students to build up relationships and trust among each other. He gave a number of examples of how all of these challenges have been addressed, noting that the building is nearly at capacity, with 25 faculty and about 500 individuals, including 110 students, working in the institute. Numerous papers have been published in prestigious journals, and the faculty has obtained about \$15 million in external funding.

Professor Saltiel commented that the institute is now focusing on maintaining its role as an agent of change at the University for the life sciences. It will accomplish this by continuing to support the institute's collaborative centers and, by educating students in the new, collaborative method of scientific discovery, through which students go outside their disciplines to pursue their experiments. Continuing challenges will include obtaining sufficient funding for programmatic initiatives and other needs, and inculcating a culture of collaboration into the fabric of the institute as it matures.

Professor Saltiel responded to questions concerning the process through which students learn about research opportunities and join researchers as members of their teams. There was

also a discussion of the fundraising challenges inherent in entities such as the Life Sciences Institute.

Committee Reports

Personnel, Compensation and Governance Committee. In Regent Taylor's absence, Regent Newman reported that the committee had received an update on ongoing dean searches and discussed retention and recruitment of faculty with Provost Sullivan, and reviewed Human Resources and Affirmative Action strategic goals with Associate Vice President Laurita Thomas. The committee also confirmed its agenda for the remainder of the year.

Finance, Audit and Investment Committee. Regent McGowan, chair of the committee, reported that the committee had met with Executive Vice President Kelch, Executive Director Doug Strong, and Health System CFO Dave Morlock for a review of the Hospitals and Health Centers 10-year strategic capital plan, and also received from them a report on the final financial close-out of the sale of M-CARE. The committee reviewed the FY 2008 General Fund budget outlook with Provost Sullivan and Associate Provost Hanlon, and received a bimonthly update of internal audits from director of internal audits, Carol Senneff. The committee also received the annual lease portfolio report for FY 2006 from Mary Krasny, associate director for real estate and design, and Associate Vice President Henry Baier.

The Regents then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of January 18, 2007.

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 University had been notified by the Michigan Chapter of the American Institute of Architects that the Dana Building Project had received a 2007 honorary award.

Litigation Report. Vice President Krislov submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Projects Established, January 1 - January 31, 2007.

University of Michigan Health System. There was no report from the University of Michigan Health System.

Regent White joined the meeting by telephone at this point.

Division of Student Affairs. Vice President Harper noted that the February agenda includes a request for life safety upgrades for the Betsy Barbour and Helen Newberry residence halls. She pointed out that these are historic halls that house women students.

University of Michigan-Flint. There was no report from the Flint Campus.

University of Michigan-Dearborn. Chancellor Little described efforts being made to put the campus's "Metropolitan Vision" into practice, including working to reduce the resistance by displaced workers to pursuing additional education, focusing on environmental issues, and the continuing sponsorship of the "difficult dialog" series which focuses on issues of race. He also noted that the campus is making diligent efforts to increase enrollment.

Michigan Student Assembly Report. MSA President Nicole Stallings reported on activities being pursued by MSA in two areas: high textbook prices and improving the internal organization of MSA. She also praised the efforts of the Diversity Blueprints Task Force.

Voluntary Support. Vice President May submitted the Report of Voluntary Support for January 31, 2007. He noted that due to strong fundraising during the past few months, the campaign has just reached \$2,410,000,000, which is \$90,000,000 short of the goal. He called attention to the generosity of alumni Fred and Judy Wilpon, who have made a number of generous commitments in a variety of areas.

Vice President May also commented on the career of former vice president for development, Jon Cosovich, who died on January 24, 2007. He noted that he had helped Michigan build a fundraising program that now leads the nation among all public universities in giving from individuals, and he was also a dedicated mentor to development staff across the University.

Personnel Actions and Personnel Reports. Provost Sullivan submitted a number of personnel actions and personnel reports. She called attention to the recommended appointments of six faculty members as Arthur F. Thurnau professors, the highest honor that University bestows on its faculty in recognition of contributions to undergraduate teaching. She noted that the Thurnau professor title is retained for the duration of the faculty member's tenure at the University of Michigan.

Appointment of University Librarian. Provost Sullivan also highlighted the recommended appointment of former provost Paul Courant as University librarian and dean of libraries effective March 1, 2007. On a motion by Regent McGowan, seconded by Regent Richner, the Regents unanimously approved the appointment of Paul N. Courant as University librarian and dean of libraries.

Retirement Memoirs. Vice President Churchill submitted retirement memoirs for four faculty members.

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

Degrees. Provost Sullivan submitted for approval final degree lists for December 2006 commencements and changes to previously approved degree lists. Copies of these lists 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 Maynard, the Regents unanimously approved the Consent Agenda.

The Regents then turned to consideration of the regular agenda.

Parking Permit Rate Increases for FY2008 - FY2010

Executive Vice President Slottow informed the Regents of annual employee parking permit costs by permit type for FY2008, FY2009, and FY2010. Details can be found in the Regents Communication.

Alternative Asset Commitments (*ARC Energy Fund V, L.P., and Bain Capital Asia Fund, L.P.*)

On a motion by Regent Newman, seconded by Regent McGowan, the Regents unanimously approved commitment of up to an additional \$10 million (Canadian) from the Long Term Portfolio in ARC Energy Fund V, L.P., and commitment of up to \$20 million to Bain Capital Asia Fund, L.P.

Financing of the University of Michigan Hospitals and Health Centers C.S. Mott Children's and Women's Hospitals Replacement Project

On a motion by Regent McGowan, seconded by Regent White, the Regents unanimously approved adopting a resolution authorizing the executive vice president and chief financial officer or the associate vice president for finance, or the treasurer to: 1) develop the terms, and

negotiate and execute the legal documentation for the financing with the assistance of the underwriter and outside legal counsel; 2) obtain and approve a final proposal for the bonds; and 3) obtain and accept a final proposal for any "swaps," and any liquidity requirements for the University's variable rate debt, and execute and deliver the required documentation for the transaction. The resolution is included as an appendix, on page X. INSERT RESOLUTION IN PROCEEDINGS.

Betsy Barbour House and Helen H. Newberry Residence Fire Suppression System Upgrades

Executive Vice President Slottow pointed out that this project is part of the "Residential Life Initiatives." On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved the Betsy Barbour House and Helen H. Newberry Residence Fire Suppression System Upgrades Project as described, 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 Medical Professional Building Heating, Ventilation and Air Conditioning Unit Replacement

On a motion by Regent Maynard, seconded by Regent Richner, the Regents unanimously approved the University of Michigan Hospitals and Health Centers Medical Professional Building Heating, Ventilation and Air Conditioning Unit Replacement Project as described, authorized commissioning the engineering firm of DiClemente Siegel Design, Inc. for its design, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

School of Nursing Building Renovations in the Children's Center

On a motion by Regent Newman, seconded by Regent Maynard, the Regents unanimously approved the School of Nursing Building Renovations in the Children's Center Project as described, 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 Process Chilled Water System Expansion

On a motion by Regent McGowan, seconded by Regent Maynard, the Regents unanimously approved the University of Michigan Hospitals and Health Centers University Hospital Process Chilled Water System Expansion Project as described, authorized commissioning Integrated Design Solutions LLC for its design, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Naming of Baseball and Softball Complex in Honor of the Wilpon Family

On a motion by Regent Newman, seconded by Regent White, the Regents unanimously approved designating the area of Ray Fisher Stadium and Alumni Field as the Wilpon Baseball and Softball Complex.

Central Campus Recreation Building, Bell Pool and Dance Building Roof Replacement; Intramural Sports Building Roof Replacement

On a motion by Regent Newman, seconded by Regent White, the Regents unanimously approved the Central Campus Recreation Building Bell Pool and Dance Building Roof Replacement Project and the Intramural Sports Building Roof Replacement Project as described, and authorized issuing both projects for bids and awarding construction contracts providing that bids are within the approved budgets.

Conflict of Interest Items

President Coleman announced that the agenda includes 6 conflict of interest items, each of which requires 6 votes for approval. Due to a conflict of interest on the part of Regent Richner, the request for approval of a contract between the University of Michigan and Xoran Technologies was withdrawn from consideration. On a motion by Regent Newman, seconded by Regent White, the Regents unanimously approved each of the following items:

Approval of Payment for Equilibrium

The Regents approved a payment to Equilibrium for the rental of bass chimes by the University of Michigan Symphony Orchestra. Because the owner of Equilibrium, Michael Udow, is also a University of Michigan employee, this payment 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 Symphony Orchestra and Equilibrium.
2. The service provided is rental of bass chimes. The cost for the service is \$300.00.
3. The pecuniary interest arises from the fact that Michael Udow, a University of Michigan employee, is the president of Equilibrium.

Assignment Agreement between the University of Michigan, GMP Immunotherapeutics, Inc., and Lycera

The Regents approved an assignment agreement that would allow the University of Michigan to license intellectual property licensed to GMP Immunotherapeutics ("GMPI") to Lycera or other third parties. Because Gary Glick, Anthony Pipari, and James Ferrara are University of Michigan employees and partial owners of Lycera, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan, GMPI, and Lycera.
2. GMPI will assign all of its rights in the GMPI intellectual property ("IP") to Michigan. Michigan will share a percentage of revenue it receives from licensing the GMPI IP and Michigan patents with GMPI. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interests of Drs. Glick, Ferrara and Opiari arise from their ownership interest in Lycera.

Subcontract Agreement between the University of Michigan and T/J Technologies, Inc.

The Regents approved a subcontract agreement between the University of Michigan and T/J Technologies, Inc., for funding of a research project in the College of Engineering under the direction of Dr. Levi Thompson, Jr., a University of Michigan employee. Because Dr. Thompson is a majority shareholder in T/J Technologies, Inc. ("T/J"), and his wife, Maria A. Thompson, is president and CEO of T/J, 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 T/J Technologies, Inc.
2. The terms of the agreement conform to University policy regarding publication and intellectual property. The period of performance is six months at an estimated cost of \$445,028 with full indirect costs at the federal rate. The agreement contains a provision allowing amendment by mutual agreement by the parties. University procedures for approval of the changes will be followed and additional conflict of interest review will be done as appropriate.
3. Dr. Thompson's pecuniary interest arises from his status as majority shareholder in T/J Technologies, and his wife's status as president and CEO of T/J. He will only participate in the project in his capacity as an employee of the University.

License Agreement between the University of Michigan and SensiGen, LLC

The Regents approved a license agreement between the University of Michigan and SensiGen, LLC, for licensing of the technology entitled "Sensitive Detection in Body Fluids of

Human Papilloma Virus for Analyses of Cancer and Dysplasia” (UM File No. 2909). Because Dr. David Kurnit is a University of Michigan employee and also partial owner of SensiGen, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and SensiGen, LLC.
2. License terms include giving SensiGen an exclusive license with the right to grant sublicenses. SensiGen will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interests of Dr. Kurnit arise from his ownership interest in SensiGen. He has waived any personal participation in the sharing of revenue received by the University.

Research Agreement between the University of Michigan and Ascenta Therapeutics, Inc.

The Regents approved a research agreement between the University of Michigan and Ascenta Therapeutics, Inc., to support a research contract for further development of the inventions made by Drs. Marc Lippman, Shaomeng Wang, and Dajun Yang. Because Drs. Lippman, Wang, and Yang are partial owners of Ascenta Therapeutics, and Drs. Lippman and Wang are also directors and members of the company’s scientific advisory board, and R. Yang is an employee and officer of the company, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and Ascenta Therapeutics, Inc.
2. The terms of the proposed agreement conform to University policy regarding publication and intellectual property. Dr. Shaomeng Wang will direct the project over an initial three year period at an estimated cost of \$1,900,586. The contract includes a provision

allowing extension and modification of the project upon mutual agreement of the parties (collectively "Agreement"). University procedures for approval of the changes will be followed and additional conflict of interest review will be done as appropriate.

3. Drs. Lippman's, Wang's, and Yang's pecuniary interest arises from their status as partial owners (Lippman, Wang, Yang), directors and members of the company's scientific advisory board (Lippman and Wang), and employee of the company (Yang).

New Graduate Degree Program to be offered by University of Michigan-Flint College of Arts and Sciences (*Master of Arts in English*)

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved a new graduate degree program, "Master of Arts in English," to be offered by the University of Michigan-Flint College of Arts and Sciences.

New Undergraduate Degree Program to be offered by University of Michigan-Flint College of Arts and Sciences (*Bachelor of Science in Biochemistry*)

On a motion by Regent White, seconded by Regent Newman, the Regents unanimously approved a new undergraduate degree program, "Bachelor of Science in Biochemistry," to be offered by the University of Michigan-Flint College of Arts and Sciences.

New Undergraduate Degree Program to be offered by University of Michigan-Flint College of Arts and Sciences (*Bachelor of Science in Theatre Design and Technology*)

On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved a new undergraduate degree program, "Bachelor of Science in Theatre Design and Technology," to be offered by the University of Michigan-Flint College of Arts and Sciences.

New Undergraduate Degree Program to be offered by University of Michigan-Flint College of Arts and Sciences (*Bachelor of Fine Arts in Visual Communication*)

On a motion by Regent Newman, seconded by Regent Maynard, the Regents unanimously approved a new undergraduate degree program, "Bachelor of Fine Arts in Visual Communication," to be offered by the University of Michigan-Flint College of Arts and Sciences.

A ten-minute break followed.

Public Comments

The Public Comments session began at 5:00 p.m. The Regents heard comments from the Audrey L. Jackson, alumna, on universities' role in reshaping Michigan's economy; and from the following individuals on the topic of maintaining underrepresented minority enrollment at the University of Michigan: Josie Hyman, college student, Tristan Taylor, college student, Charlton Washington, high school student, Neil Lyons, alumnus, Maricruz Lopez, student, and Jevon Cochran, high school student.

There being no further business, the meeting was adjourned at 5:35 p.m. The next meeting is scheduled for March 15, 2007.