

OCTOBER MEETING, 2008

*The University of Michigan
Ann Arbor
October 23, 2008*

The Regents convened at 3:30 p.m. in the Harding Mott University Center on the campus of the University of Michigan-Flint. Present were President Coleman and Regents Darlow, Deitch, Maynard, McGowan, Newman, Taylor, and White. Also present were Vice President and Secretary Churchill, Vice President Forrest, Vice President Harper, Executive Vice President Kelch, Vice President Lampe, Chancellor Little, Vice President May, Chancellor Person, Vice President Scarnecchia, Executive Vice President Slottow, and Provost Sullivan. Regent Richner was absent.

Call to Order and President's Opening Remarks

President Coleman called the meeting to order. She announced that 31 University of Michigan students have recently been awarded Fulbright scholarships, more than any university in the country. She also noted that the World University Rankings, published by the Times Higher Education of London, had recently ranked the University of Michigan as the best public university in the country and the 18th best institution in the world.

President Coleman called attention to the campus-wide celebration of the end of the Michigan Difference campaign, to be held in November. Noting that election day would be coming up in less than two weeks, she urged voters to educate themselves on Proposal 2, which would loosen current restrictions on embryonic stem cell research. This would allow the University of Michigan to perform greater research in this area, thereby expanding the development of therapies and cures for a number of diseases.

She also highlighted the Law School and C.S. Mott Children's and Women's Hospital capital projects requests in the current agenda.

Regent Deitch complimented Regent Coleman and thanked her for her advocacy on behalf of Proposal 2. He stated that passage of this proposal "is extraordinarily important for the future of the University and for the future of the state, putting aside the potentiality for helping the human race. Too often, people in positions of leadership remain silent or are wishy-washy on things that they actually believe in, lest they offend anyone, and your leadership has been extraordinary and exemplary on this matter." Regent Taylor expressed agreement with Regent Deitch, noting "we expect for you to do more."

Flint Residence Hall Living/Learning Communities

Chancellor Person noted that earlier that morning, the Regents had toured the new Flint campus residence hall. She introduced Ms. Jeanine Bessette, director of housing and residential life on the Flint campus, who described the process of opening up the campus's first residence hall. She noted that participation in residence hall programs and living-learning communities has been extraordinary, with a high percentage of student engagement. The campus has been working with business, civic, and other community leaders to enhance opportunities for involvement with the university's programs and facilities, and overall, the project has been a huge success.

Comments from Regent White about Financial Markets

Regent White made the following statement:

I'd like to say a few words about the impact of the current financial markets crisis on the University. The president and the executive officers have thoroughly briefed the board and answered our questions regarding the possible effect of the crisis on all aspects of the University's operations, from student financial aid to ongoing construction, and I am pleased to report that the University of Michigan is overall in

sound financial shape. This relative stability arises from the University's diversified investment strategies, its conservative debt situation, and its prudent cash management policies. It is clear that not only has the University invested wisely, but it has also worked to contain costs to improve the efficiency of its operations. Cost containment measures continue to be investigated and implemented on a continuous basis.

The administration continues to be vigilant in assessing the effects of further economic developments in the regional, national, and international economies. For example, the down economy is contributing to a reduction in operating margins at the hospital, and further stress in the state economy could impact the University's appropriation. Factors such as these will be evaluated and adjustments will be made as necessary to preserve the excellence of the University's programs.

Our underlying financial strength means the University of Michigan will be able to move forward as planned in the coming fiscal year, fulfilling its mission in education, research, and health care. This also means that the University is in a good position not only to complete construction projects already underway on campus, but also to continue planning for such projects as the Law School buildings and the C. S. Mott Children's and Women's Hospital projects included in today's agenda. These projects are critical to our state. Not only do they provide jobs today, but they also lay the groundwork for tomorrow. Higher education is the cornerstone of innovation, growth, and prosperity in Michigan, and in these troubled times, it is more important than ever for the University to maintain the steady flow of the people and ideas that will help the state realize its potential. We all take the stewardship of our resources and the public's trust very seriously, and we are committed to continuing our investment in the future of our state and our region.

Committee Reports

Finance, Audit and Investment Committee. Regent White, chair of this committee, reported that she and fellow committee members Regents Deitch, Maynard, and McGowan, as well as Executive Vice President Slottow, President Coleman and Regent Taylor, had attended this meeting. The committee met with Chief Investment Officer Erik Lundberg to review the report of investment performance for the year ending June 30, 2008. She reported that the University's endowment had grown from \$7.1 billion to \$7.6 billion and had experienced a return of 6.4% in fiscal year 2008. Over a five-year period, the endowment had an annual investment return of 17.5%, putting the University of Michigan at the top of the top quartile for performance among university endowments. The committee also reviewed the endowment

spending rule and internal control certification results, and received the bimonthly internal audit update from Carol Senneff, executive director of university audits.

Regent White reported that Regent Richner had decided to step down from his position as chair of the Personnel, Compensation and Governance Committee, and that Regent Darlow would replace him as chair of that committee. She thanked Regent Richner for his service as chair.

Personnel, Compensation and Governance Committee. Regent Darlow, chair of this committee, reported that she, along with Regents Taylor, Newman, and Richner, had attended the meeting, and that Vice President Churchill, Provost Sullivan, Chancellor Person, Vice Chancellor Kay, President Coleman, and Chancellor Little had also been present for portions of the meeting. The committee had received reports on faculty recruitment and retention on the Flint and Ann Arbor campuses and an annual report of dean and major academic director searches on the Ann Arbor campus. The committee reviewed some proposed bylaw revisions, and learned of some academic plans under development on the Dearborn campus.

Regent White thanked announced that Chief Investment Officer Erik Lundberg for his excellent stewardship of the endowment. She noted that Mr. Lundberg was present and would be available to respond to questions after the meeting.

President Coleman then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of September 18, 2008.

Reports. Executive Vice President Slottow submitted the Annual Report of Investments, and recognized Mr. Lundberg and his team for the phenomenal performance of the University's

investments. He noted that this year's Long Term Portfolio performance was the best in five years, amounting to 740 basis points over the benchmark. He also submitted the Plant Extension Report, the University Human Resources Report, and the Regents Report on Non-Competitive Purchases over \$5,000 from Single Sources, June 16, 2008 through September 15, 2008.

Litigation Report. Vice President Scarnecchia submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Projects Established, September 1–September 30, 2008.

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

Division of Student Affairs. Vice President Harper reported on the measures being taken by the Division of Student Affairs to mitigate the effects of the current economic situation on employment prospects for students.

University of Michigan-Flint. Chancellor Person welcomed the meeting participants to the Flint campus and thanked everyone for their support as she assumed the leadership of the Flint campus.

University of Michigan-Dearborn. Chancellor Little gave an update on student participation in the "My Vote" project.

Michigan Student Assembly Report. Ms. Sabrina Shingwani, president of MSA, introduced Flint MSA president Owen Agho, who reported on recent student-led initiatives on the Flint campus. He noted that the new residence hall has changed the campus for the better and has created a new atmosphere on campus. Ms. Shingwani reported on some of the assembly's current activities, including voter registration and voter education efforts, and

outreach efforts to encourage collaboration among student groups on campus and participation in student-sponsored activities. She concluded by describing the recent homecoming weekend.

Voluntary Support. Vice President May submitted the report of voluntary support for September 2008. He invited everyone to participate in the upcoming campaign finale activities on November 14.

Personnel Actions/Personnel Reports. Provost Sullivan submitted a number of personnel actions and personnel reports.

Retirement Memoirs. Vice President Churchill submitted 6 faculty retirement memoirs.

Memorials. Vice President Churchill submitted a memorial statement for I Douglas Moon, professor of operations management at the University of Michigan-Flint.

Degrees. President Coleman submitted the following recommendations for honorary degrees: Roger Penske, Doctor of Laws; Faith Ringgold, Doctor of Arts, and Anne Stevenson, Doctor of Humane Letters. She noted that these degrees will be awarded at the December 2008 commencement.

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

Alternative Asset Commitments

Executive Vice President Slottow informed the Regents of the following commitments that had been made to previously approved partnerships: C\$15 million to ARC Energy Fund VI, L.P.; \$20 million to LBA Realty Fund IV, L.P.; \$40 million to Sankaty Credit Opportunities IV, L.P.; \$10 million to ATA Ventures III, L.P.; and \$21 million to GSR Ventures III, L.P.

Plaza Naming in Honor of Richard Scott Noble

Executive Vice President Slottow informed the Regents that, in recognition of the Donald and Alice Noble Foundation's generous financial support for the Depression Center's programs and facilities, and in honor of the memory of Richard Noble, the Rachel Upjohn Building plaza has been designated the Richard Scott Noble Plaza. This naming was done in accordance with the Policy for the Naming of Facilities, Spaces, and Streets.

Naming of Tower at the Kellogg Eye Center

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved formally designating the new tower at the Kellogg Eye Center as the Brehm Tower, in honor of William and Dolores (Dee) Brehm.

University of Michigan Financial Statements for the Year Ended June 30, 2008

Executive Vice President Slottow introduced several individuals who were responsible for producing the financial statements, including Cheryl Soper, controller, Russ Fleming, director of financial reports, and Rick Stover, the partner from PricewaterhouseCoopers in charge of the external audit. On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved adoption of the University of Michigan Financial Statements for the Year ended June 30, 2008.

Law School Academic Building and Hutchins Hall Law School Commons Addition

Dean Caminker reported that in the 75 years since the construction of the original Law School buildings, there have been additions for library space, but not for academic space. The size of the faculty, student body, and administrative staff has grown significantly since the original law quad was constructed, and the way in which legal education is delivered has

changed and requires different kinds of spaces than the current traditional classrooms. Updating of the school's facilities will ensure that the school will continue to be able to provide the best legal education in America well into the 21st century.

Executive Vice President Slottow introduced Lee Becker, partner in Hartman & Cox Associates, to present the schematic design. Mr. Becker provided a three-dimensional model of the new structure and displayed a diagram of the Law School complex indicating where the new structures would be located. He noted that the project has four areas of scope: adding the North Commons infill (16,000 square feet); construction of South Hall, a new classroom, office, student services, and faculty office addition (100,000 square feet); replacement of the aluminum façade on the connection between the law quad buildings and the library stacks wing; and infrastructure upgrades, including construction of a new chiller plant in South Hall and renovations in Hutchins Hall.

Mr. Becker displayed schematic drawings illustrating the interiors of all of the components of the project. He noted that the exterior of the new structures will maintain the feeling of being within the family of buildings that form the current law quad. Provost Sullivan added that the project is consistent with the pedagogical needs of the Law School, and stated that she is enthusiastic about it.

Regent Deitch moved approval of the schematic design for the Law School Academic Building and Hutchins Hall Law School Commons Addition Project as presented at the meeting. Regent Maynard seconded the motion, and it was approved unanimously.

Great Lakes Camp, Unadilla Township, Livingston County, Michigan

Executive Vice President Slottow reported that the majority of this property is currently known as the Fresh Air Camp, and it has remained largely unused since the 1970s. The current

proposal is to lease the property to the Great Lakes Camp, which intends to construct new facilities to create a camp for children with chronic or life-threatening illnesses or other serious medical conditions. The Great Lakes Camp will need to work with local government agencies to obtain their permits and approvals in order to build the camp. Similar to the Humane Society lease, this agreement will be a ground lease. The University will not be reviewing construction plans or issuing permits.

On a motion by Regent White, seconded by Regent Darlow, the Regents unanimously approved authorizing the executive vice president and chief financial officer to execute a ground lease for approximately one hundred acres of University land in Unadilla Township, Livingston County, Michigan, to the Great Lakes Camp at \$1 per year for thirty years, with the possibility of two ten-year extensions as outlined above.

University of Michigan Hospitals and Health Centers C.S. Mott Children's and Women's Hospitals Replacement Project Shell Space Completion Project

Executive Vice President Slottow commented that the Regents had already approved the schematic design for the hospitals replacement project, and this project provides for completion of shell space within that project. He introduced Pat Warner, associate director and chief administrative officer, C.S. Mott Children's Hospital. Ms. Warner gave a presentation reviewing the history of the C.S. Mott Children's and Women's Hospitals replacement project, including photos of the current state of construction. She noted that the project currently is scheduled for patient occupancy in June 2011.

Ms. Warner reviewed the guiding principles that have been used throughout the project planning process. She noted that the current project with the unfinished shell space will have exceeded the number of beds required for 90% occupancy when it opens; completion of the shell space will meet anticipated demand by adding additional beds, an operating room, an

intraoperative MRI suite, and 2 MRIs. Ms. Warner emphasized that the project is consistent with the strategic plan for the entire health system. The shell space completion project will add \$231 million to the current project budget of \$523 million for a total of \$754 million, and will change the patient occupancy date to September 2012.

Regent Newman moved approval of the University of Michigan Hospitals and Health Centers C.S. Mott Children's and Women's Hospitals Replacement Shell Space Completion Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget. She complimented Ms. Warner and other officials on the amount of effort they have expended on this project, noting that this may be the largest single project the Regents have ever voted on. Regent Darlow supported the motion.

Regent Darlow observed that the Regents have a high level of comfort in the economics of going forward with this project, but asked officials to clarify why it is important to proceed at this time, given the current difficult state-wide and national financial situation. Ms. Warner explained that there is a window of opportunity at the current stage of construction to complete the space in the least costly, least disruptive manner.

Executive Vice President Kelch noted that one of the guiding principles for the original project was to maximize the use of the land on which the hospital was to be built. When the project was originally conceived, it was estimated that completion of the entire project would have cost \$650 million, and officials were not confident at the time that there would be sufficient cash flow from operations to be able to fund this amount. The project has now come to be viewed as being the highest priority and is seen as the quickest way to obtain high-quality, single-occupancy rooms and an updated operating room system for the medical campus.

Dr. Kelch noted that hospital officials will be updating the 10-year capital plan to incorporate this shell space completion project; however, the current economic crisis is creating a need for longer term planning and a reassessment of all priorities. Dr. Kelch concluded by stating that the Hospitals and Health System is confident that it can afford this project, although longer term planning for future projects will require further analysis.

The vote was then taken, and the University of Michigan Hospitals and Health Centers C.S. Mott Children's and Women's Hospitals Replacement Project Shell Space Completion Project was approved unanimously.

W.K. Kellogg Eye Center Chiller Replacement

On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved the W.K. Kellogg Eye Center Chiller Replacement 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 13 conflict of interest items, each of which requires 6 votes for approval. These would be considered as a block, except for the research agreement between the University of Michigan and Lycera, Inc., which would need to be considered separately due to a conflict. She called for a vote on the other 12 items.

On a motion by Regent Taylor, seconded by Regent White, the Regents unanimously approved the following agreements, with Xoran Technologies, Valley View Farm, Rami Kimchi, Michigan Aerospace Corporation, Michigan Interiorscaping LLC, Wright Medical Technology, Inc., EMAG Technologies, Inc., Vortex Hydro Energy, LLC, Pipex Therapeutics, Inc., Mark J. Kushner, ImBio, Inc., and Michigan Critical Care Consultants, Inc.:

Service Agreements with Xoran Technologies

The Regents approved service agreements with Xoran Technologies ("Xoran") for maintenance of computed axial tomography scanners ("CAT scans") Because Neal Clinthorne, a University of Michigan employee, is also co-founder, major stockholder, chair of the board of directors, and vice president of Xoran, this purchase 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 School of Dentistry Periodontics and Oral Medicine and the University of Michigan Health System Department of Radiology and Xoran Technologies.
2. The service agreements are for hardware and software maintenance and upgrades for CAT scanners. Both agreements are for three years, \$12,000 per year for Dentistry's i-CAT scanner and \$22,200 per year for Radiology's MiniCAT scanner. Total cost for both agreements across all years is \$102,600.
3. The pecuniary interest arises from the fact that Professor Neal Clinthorne, a University of Michigan employee, is co-founder, major stockholder, chair of the board of directors, and vice president of Xoran.

Purchasing Agreements with Valley View Farm

The Regents approved agreements with Valley View Farm to purchase, breed, house, and care for sheep used in research studies. Because Douglas Doop, University of Michigan employees, is also the sole proprietor of Valley View Farm, 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 its Unit for Laboratory Animal Medicine ("ULAM") and the Department of Pediatrics at C.S. Mott Children's Hospital ("Pediatrics") and Valley View Farm.
2. The agreement ULAM is for the purchase of sheep for use in research at the current cost of \$320 per sheep and \$490 for time-dated pregnant sheep, plus delivery. The agreement with Pediatrics is for housing, breeding, care and maintenance of ewes at the current cost of \$1 per sheep per day. Both agreements are for five years (future pricing may increase depending on market factors) for total amounts not to exceed \$350,000 and \$150,000 respectively.

3. The pecuniary interest arises from the fact that Douglas Doop, a University of Michigan employee, is also the sole proprietor of Valley View Farm.

Authorization for Purchase from Rami Kimchi

The Regents approved the purchase of the DVD, "Galia's Wedding," for educational screenings from its producer and director, Rami Kimchi. Because Rami Kimchi 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. Parties to the agreement are the Regents of the University of Michigan and its Language Resource Center and Rami Kimchi.
2. Purchase is for one DVD of "Galia's Wedding" (1986) for \$150.
3. The pecuniary interest arises from the fact that Rami Kimchi, University of Michigan employee, will receive payment as an individual.

Agreement with Michigan Aerospace Corporation

The Regents approved an agreement between the Department of Physics and Michigan Aerospace Corporation ("MAC"). Because Lennard Fisk, a University of Michigan employee, is also co-founder, major stockholder, and chair of the board of directors of MAC, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the contract are the University of Michigan and its Department of Physics and Michigan Aerospace Corporation.
2. The purchase is support to create microcode to perform standard sets of measurements. The estimated level of support is 240 hours over six to eight weeks. The hourly rate is \$126.05 per hour for an estimated total of \$30,252.
3. The pecuniary interest arises from the fact that Lennard Fisk, a University of Michigan employee, is co-founder, major stockholder, and chair of the board of directors of Michigan Aerospace Corporation.

Contract with Michigan Interiorscaping LLC

The Regents approved contract with Michigan Interiorscaping LLC ("Interiorscaping") for the services of indoor plant maintenance and periodic replacement of plants. Because Bruce

Morrison, a University of Michigan employee, is also the owner of Interiorscaping, 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 Michigan Interiorscaping LLC.
2. The contract is for indoor plant maintenance and periodic replacement of plants for various departments from July 1, 2008 through June 30, 2011 for a total not to exceed \$40,000.
3. The pecuniary interest arises from the fact that Bruce Morrison, University of Michigan employee, is owner of Michigan Interiorscaping LLC.

Contract between the University of Michigan and Wright Medical Technology, Inc.

The Regents approved a contract with Wright Medical Technology for the purchase of hip and knee implant systems. Because Dr. J. David Blaha, a University of Michigan employee, is also a consultant for and stockholder of Wright Medical Technology, 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 its Medical School's Department of Orthopaedic Surgery and Hospital Operating Rooms and Wright Medical Technology.
2. The contract is to purchase knee and hip implant systems from July 1, 2008 through June 30, 2011 for a total not to exceed \$5,000,000.
3. The pecuniary interest arises from the fact that Dr. J. David Blaha, a University of Michigan employee, is a consultant for and stockholder of Wright Medical Technology.

Subcontract Agreement between the University of Michigan and EMAG Technologies

The Regents approved a subcontract agreement between the University of Michigan and EMAG Technologies, Inc. ("EMAG") enabling EMAG to assist in the performance of funded research. Because Kamal Sarabandi, a University of Michigan employee, is also an owner of EMAG, 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. ("EMAG").
2. The terms of the agreement will be negotiated as to conform to University policy. The period of performance for the project is ten (10) months and the amount of funding support is \$50,000. The contract includes a provision allowing extension and modification of the project upon mutual agreement of the parties (collectively "Agreements"). University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. Kamal Sarabandi's pecuniary interest arises from his ownership of EMAG.

Research Agreement between the University of Michigan and Vortex Hydro Energy, LLC

The Regents approved a research agreement with Vortex Hydro Energy, LLC ("Vortex") for funding of a project in the College of Engineering. Because Michael Bernitsas, a University of Michigan employee, is also an owner, CEO, and CTO of Vortex, 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 Vortex Hydro Energy, LLC.
2. The terms of the agreement conform to University policy regarding publication and intellectual property. Professor Troesch will direct the Phase I STTR over an initial one-year period at an estimated cost of 60,322. The contract includes a provision allowing extension and modification of the project upon mutual agreement 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. Michael Bernitsas' pecuniary interest arises from his status as an owner, CEO, and CTO of Vortex.

Amendment to License Agreement between the University of Michigan and Pipex Therapeutics, Inc.

The Regents approved a an amendment to a license agreement between the University of Michigan and Pipex Therapeutics, Inc. (the "Company") to include the University's right associated with the following technology: UM File No. 3431, "Compositions with anti-cancer and anti-inflammatory effects;" UM File No. 3683, "Compositions for the treatment of arthritis;" UM File No. 3684, "Compositions for the treatment of multiple sclerosis;" and UM File No. 3685, "Compositions for the treatment of lupus." Because George J. Brewer, a University of

Michigan employee, is also a partial owner 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 Pipex Therapeutics, Inc.
2. License terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. L No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the agreement may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate
3. The pecuniary interest of George J. Brewer arises from his ownership interest in Pipex Therapeutics, Inc.

License Agreement between the University of Michigan and Mark J. Kushner

The Regents approved a license agreement with Mark J. Kushner to enable the University to use certainly modeling software ("HPEM and nonPDSPSIM")for research and educational purposes, including sponsored activities. Because Mark J. Kushner, a University of Michigan employee, is also an owner of the modeling software, 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 Mark J. Kushner.
2. The license agreement grants the University the right to use and modify the software in research and educational activities and there is no charge to the University for the use of the software and no payments to be made to Dr. Kushner.
3. Mark J. Kushner has no pecuniary interest in the license agreement.

License Agreement between the University of Michigan and ImBio, Inc.

The Regents approved an option agreement with ImBio, Inc., for commercialization of the technology, UM OTT File #2552, "A non-invasive method to determine the fat content of tissue in vivo using MRI." Because Brian Ross and Al Rehemtulla, University of Michigan

employees, are also partial owners of ImBio, Inc. ("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 ImBio, Inc.
2. Option terms include granting the Company an exclusive option for a twelve (12) month period of time. The Company will pay an option fee and will partially reimburse patent costs during the term of the agreement. The University will retain ownership of the optioned technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the agreement may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. Brian Ross's and Al Rehemtulla's pecuniary interest arises from their ownership interest in ImBio, Inc.

Subcontract Agreement between the University of Michigan and Michigan Critical Care Consultants, Inc.

The Regents approved a subcontract agreement with Michigan Critical Care Consultants, Inc. ("MC3") allowing the University to provide a subcontract to MC3 to participate in the project "Extracorporeal Circulation without Anticoagulation." Because Robert Bartlett, a University of Michigan employee, is a part owner of MC3, 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 Michigan Critical Care Consultants, Inc.
2. This agreement is subject to the development and approval by the Medical School Conflict of Interest Board of a plan for management of the possible risks associated with the conflict of interest. The terms of the subcontract with MC3 will conform to University and federal policies. Under the project, a total subcontract of \$96,733 is anticipated to cover the period April 1, 2008 through March 31, 2009. The University's standard subcontracting provisions will apply. Since research agreements are often amended, the subcontract will include provisions for changes in time, amount, and scope of research. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. Robert Bartlett's pecuniary interest arises from his status as part owner of MC3.

Research Agreements between the University of Michigan and Lycera, Inc.

On a motion by Regent Taylor, seconded by Regent White, the Regents approved research agreements between the University of Michigan and Lycera, Inc. Regent McGowan abstained from voting due to a conflict of interest. Because Gary Glick, Anthony Opipari, and James Ferrara, University of Michigan employees, are also partial owners of Lycera, 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 agreements are the University of Michigan and Lycera, Inc.
2. The terms of the proposed agreement will conform to University policy. Dr. Ferrara will direct one of the projects over an initial twelve-month period at an estimated cost of \$217,704. Dr. Glick will direct the other project over a thirty-six month period at an estimated cost of \$463,500. These agreements will include a provision allowing extension and modification of the projects upon mutual agreement of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate. The projects do not involve human subjects.
3. Gary Glick's, Anthony Opipari's, and James Ferrara's pecuniary interests arise from their status as partial owners of Lycera, Inc.

Approval of Flint Campus Academic Calendar for 2009-2010

On a motion by Regent White, seconded by Regent Taylor, the Regents unanimously approved the Flint Campus academic calendar for 2009-2010.

Approval of Flint Campus Academic Calendar for 2010-2011

On a motion by Regent Newman, seconded by Regent Taylor, the Regents unanimously approved the Flint Campus academic calendar for 2010-2011.

Public Comments

The Regents heard comments from Teresa Camille Young, staff, on retirement plan restrictions imposed by the University.

There being no further business, the meeting was adjourned at 5:00 p.m. The next meeting is scheduled for November 20, 2008.