

Approved by the Regents
June 21, 2007

MAY MEETING, 2007

*The University of Michigan
Ann Arbor
May 17, 2007*

The Regents convened at 3:10 p.m. in the Music Room, Henry Ford Estate-Fair Lane, on the campus of the University of Michigan-Dearborn. Present were President Coleman and Regents Darlow, Deitch, Maynard, McGowan, Newman, Richner, and Taylor. 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. Regent White was absent.

Call to Order

President Coleman called the meeting to order. She thanked Chancellor Little and colleagues for hosting the meeting, and noted how important a factor the University of Michigan-Dearborn is in the economic, social, and civic health of southeastern Michigan. She commented on the extraordinary commencement exercises that had recently taken place on all three campuses, and on recent recognition received by faculty members.

President Coleman commented on the extension of the appointment of Executive Vice President Robert Kelch to 2009, noting that the UM Health System, a \$2 billion enterprise, is one of the most successful academic medical centers in the world and that his guidance has been essential for its success. She also expressed gratitude to Vice President Cynthia Wilbanks for being willing to assume the additional appointment of interim vice president for communications. Finally, she congratulated Vice President and General Counsel Marvin Krislov

on his recent appointment as president of Oberlin College, and Interim Vice President Julie Peterson on her appointment as vice president for communications at the University of Chicago.

Resolution in Honor of Julie Peterson

President Coleman recognized Regent Taylor, who read the following resolution:

Regents' Resolution

The Regents of the University of Michigan salute Julie A. Peterson as she steps down from her position as interim vice president for communications on June 8, 2007 to assume the position of vice president for communications at the University of Chicago.

Interim Vice President Peterson began her University of Michigan career in 1994 as director of News and Information Services. In July 1998 she was appointed acting associate vice president for communications, and in December 2000 she was appointed associate vice president for media relations and public affairs. In these roles, she served as the University's primary spokesperson and senior adviser to the president and executive officers. She was appointed interim vice president for communications on February 1, 2007.

Widely viewed as one of the nation's leading academic communications professionals, Julie has provided critical leadership for the University throughout a number of formidable challenges. Perhaps nowhere has the University benefited more from her guidance than in her contributions to the University's defense of its admissions policies. Beginning early in the process, and over a six-year period, she coordinated an extensive, innovative, national public information and awareness campaign about the importance of diversity in higher education. During the period of intense public scrutiny surrounding the Supreme Court rulings, she managed all of the University's communication efforts. This strategy has become a national model for effective communications campaigns.

With her cheerful, unflappable demeanor, Interim Vice President Peterson is a consummate professional whose work, while often done under the radar, has had a powerful impact on the University, enhancing its prominence on the state, national, and world stages. The Regents express their sincere respect and appreciation to Julie A. Peterson for her service as interim vice president for communications and for her distinguished, 13-year career at the University of Michigan, and convey to her all best wishes in her new role.

A round of applause followed. Interim Vice President Peterson responded that it had been a privilege to represent the University to the public and the media, and that she treasured every minute of her tenure at the University.

Presentation: UM-Dearborn School of Education

President Coleman introduced Paul Zions, dean of the UM-Dearborn School of Education. Dean Zions noted that the School of Education is committed to the “scholarship of engagement,” with the goals of making a difference in the lives of children and adolescents and helping solve the problems of Southeast Michigan. He described some of the collaborative projects and partnerships that faculty members are engaged in with area school districts and other organizations that further these goals.

Committee Reports

Finance, Audit and Investment Committee. Regent McGowan, chair of the committee, noted that she and Regent Richner met first with Carol Senneff, executive director of internal audits, regarding the office’s FY08 work plan. They then met with Steve Schram, director of Michigan Public Media, along with Ms. Senneff and Associate Vice President Peggy Norgren, regarding the WFUM/WUOM FY2006 external audit. She praised Mr. Schram’s accomplishments since having assumed his position at Michigan Radio last year. The meeting concluded with an update on the status of the FY 2008 General Fund budget, during which the committee was joined by the Personnel, Compensation and Governance Committee.

Personnel, Compensation and Governance Committee. Regent Taylor reported that the committee had received an update on various searches that are underway. It also has begun a

survey of best practices and literature review about board operations. The committee had then joined the other committee for the General Fund budget discussion.

The Regents then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of April 19, 2007.

Reports. Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report, and the Human Resources and Affirmative Action Report.

Litigation Report. Vice President Krislov submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Report of Projects Established, April 1 - April 30, 2007.

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

Division of Student Affairs. There was no report from the Division of Student Affairs.

University of Michigan-Dearborn. Chancellor Little welcomed the Regents and other guests to the Dearborn campus.

University of Michigan-Flint. Acting Chancellor Kay reported on the establishment, jointly with the Genessee Intermediate School District, of an early health professions college, to be known as the Genessee Early College, housed on the University of Michigan-Flint campus. The college will open in the fall of 2007. He also reported on “Super Science Friday,” held on the Flint campus, in which 650 eighth grade students had participated.

Michigan Student Assembly Report. MSA President Zack Yost reported on current and planned activities of MSA. Among the initiatives being planned are a homecoming parade.

He noted that MSA would be working with the Dearborn student government in the future on issues of mutual concern.

Voluntary Support. Vice President May submitted the Report of Voluntary Support for April 30, 2007.

Michigan Difference Campaign. Vice President May announced that the \$2.5 billion goal has been met with one and a half years remaining in the campaign,. There was a round of applause. He noted that the accomplishment was a team effort, and thanked President Coleman, the Regents, executive officers, deans, volunteers, and development staff.

Vice President May reported that 166,000 of the 316,000 individual donors to the campaign are not alumni, which speaks to the depth and breadth of the University's appeal. He also noted that the faculty and staff campaign has resulted in participation by 14,000 individuals who have given \$110 million. He then reported statistics about the various goal categories, pointing out that 99% of the gifts are restricted to specific programs, and do not mitigate challenges related to state support.

President Coleman congratulated Vice President May and thanked all involved in the campaign.

Personnel Actions

Promotions. Provost Sullivan submitted the recommended promotions to the ranks of professor and associate professor on the Ann Arbor campus for 2007-2008. She described the rigorous review which all promotions cases undergo, and highlighted the cases of 15 faculty members being recommended for promotion.

Executive Vice President Kelch highlighted the cases of 5 faculty promotion recommendations.

Chancellor Little submitted recommendations for 13 faculty promotions, and Interim Chancellor Kay submitted recommendations for 11 promotions. Both chancellors described the rigorous process which culminates in the promotion recommendations.

Personnel Actions/Personnel Reports. Provost Sullivan submitted a number of other personnel actions and personnel reports. She pointed out the recommendations of Martha Pollack as dean of the School of Information and of Brian Dunnigan as interim director of the Clements Library.

Retirement Memoirs. Vice President Churchill submitted 16 faculty retirement memoirs. Provost Sullivan called attention to the retirements of Professor Richard Ford and Professor George Shirley.

Memorials. Vice President Churchill submitted memorials for Barbra Morris, senior lecturer in English, and Julian T. Hoff, Richard C. Schneider Professor of Neurosurgery and former chair of the Department of Neurosurgery. Executive Vice President Kelch commented on the career of Dr. “Buzz” Hoff.

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

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

The Regents then turned to consideration of the regular agenda.

Charitable Remainder Trusts

Vice President May reported that the IRS has ruled that charitable remainder trusts (CRTs) may be invested alongside the University’s endowment funds in the Long Term Portfolio. This will allow the University to provide an opportunity to donors to benefit from the performance of the Long Term Portfolio and potentially enhance the value of their gift to the

University. Executive Vice President Slottow requested the approval of two additional fund managers that will simplify the investment options for CRTs when the Long Term Portfolio option is not the best choice.

On a motion by Regent Newman, seconded by Regent McGowan, the Regents unanimously approved Kayne Anderson MLP Investment Company and Morgan Stanley Institutional Global Real Estate mutual fund as investment vehicles for the University, including University managed trusts.

Alternative Asset Commitment

On a motion by Regent Maynard, seconded by Regent Richner, the Regents unanimously approved a commitment of up to \$20 million from the Long Term Portfolio to Redwood Grove International L.P.

State Building Authority Financing of University of Michigan Project

On a motion by Regent Maynard, seconded by Regent McGowan, the Regents unanimously approved the following resolution for the conveyance of the Integrated Technology Instruction Center (James and Anne Duderstadt Center) and authorized the appropriate officers to execute the quitclaim deed, along with any other documentation required, for the conveyance of the project back to the University.

A RESOLUTION OF THE REGENTS OF THE UNIVERSITY OF MICHIGAN REQUESTING CONVEYANCE OF PROPERTY FOR THE INTEGRATED TECHNOLOGY INSTRUCTION CENTER, ACCEPTANCE OF SAME AND ACCEPTING OBLIGATIONS OF THE FACILITIES

A RESOLUTION of the Regents of the University of Michigan (the "Educational Institution") requesting and approving the conveyance of property and to provide matters relating thereto.

WHEREAS, the State Building Authority (the "Authority"), a statutory body corporate created under provisions of 1964 PA 183, as amended, is authorized to acquire, construct, furnish, equip, own, improve, enlarge, operate, mortgage and maintain buildings, necessary parking structures or lots and facilities and sites therefore for use by the State or any of its agencies including

institutions of higher education created pursuant to Sections 5, 6 and 7 of Article VIII of the Michigan Constitution of 1963; and

WHEREAS, the Educational Institution has been created and is maintained pursuant to Sections 4 and 5 of Article VIII of the Michigan Constitution of 1963; and

WHEREAS, the Authority has previously acquired the Integrated Technology Instruction Center and the site upon which it was constructed (the Integrated Technology Instruction Center and the site together are the "Facilities") and the Authority leased the Facilities to the Educational Institution and the State of Michigan (the "State") pursuant to a lease dated as of March 1, 1996 (the "Lease"); and

WHEREAS, under the terms of the Lease, the Authority agreed to convey title to the Facilities to the Educational Institution upon request by the Educational Institution after the Bonds which financed the Facilities (the "Bonds" as defined in the Lease) and any additional bonds or other obligations as provided in the Lease are paid in full or provision for the payment thereof is made as provided in the Lease for consideration of one (\$1.00) Dollar and the assumption by the Educational Institution of all monetary obligations and legal responsibilities for the operation and maintenance of the Facilities; and

WHEREAS, the Bonds have been paid in full and all conditions established by the Lease as conditions precedent to conveyance of title to the Facilities by the Authority to the Educational Institution have occurred; and

NOW, THEREFORE, BE IT RESOLVED BY THE EDUCATIONAL INSTITUTION THAT:

1. The Educational Institution hereby requests that the Authority convey title to the Facilities to the Educational Institution.
2. The consideration for the conveyance of the Facilities shall be one (\$1.00) Dollar and the assumption by the Educational Institution of all monetary obligations and legal responsibilities for the operation and maintenance of the Facilities.
3. The conveyance by Quitclaim Deed of the Facilities pursuant to the terms and conditions set forth above is approved and each of the President and Executive Vice President and Chief Financial Officer of the Educational Institution is authorized and directed to execute any documents to accomplish the conveyance of the Facilities in such form as may be requested by the Authority and approved by counsel for the Educational Institution.
4. All ordinances, resolutions and orders or parts thereof in conflict with this resolution are, to the extent of such conflict, repealed.
5. This resolution shall be effective immediately upon its adoption.

University of Michigan-Flint Student Housing Facility

On a motion by Regent Maynard, seconded by Regent Deitch, the Regents unanimously authorized issuing the University of Michigan-Flint Student Housing Facility Project for bids and awarding construction contracts providing that bids are within the approved budget.

W.K. Kellogg Institute and Dental Building Elevator Replacement

On a motion by Regent Richner, seconded by Regent Deitch, the Regents unanimously approved the Dental Building and W.K. Kellogg Institute Elevator Replacement Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Medical Science Unit II Third Floor Research Laboratory Renovations

On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved the Medical Science Unit II Third Floor Research 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 6 conflict of interest items, each of which requires 6 votes for approval. The first five of these were considered as a block, in one vote, and the last was considered separately from the others.

On a motion by Regent Deitch, seconded by Regent Taylor, the Regents unanimously approved the following five agreements:

Approval of Payment for Ann Arbor SPARK

The Regents approved a payment by the Office of Technology Transfer to Ann Arbor SPARK for services associated with the use of their Launch Pad facility for a group of student interns. Because Kenneth Nisbet and Stephen Forrest are, respectively, chairman of the board of directors and board member of Ann Arbor SPARK, and also 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 Office of Technology Transfer and Ann Arbor SPARK.
2. The service provided is space and access for graduate students. The total cost for the service for one year is \$25,000.00.
3. The pecuniary interest arises from the fact that Kenneth Nisbet and Stephen Forrest, University of Michigan employees, are chairman of the board of directors and board member, respectively, of Ann Arbor SPARK.

Approval of Purchase from Cathleen A. Baker

The Regents approved the purchase of a first edition monograph titled “By His Own Labor: the Biography of Dard Hunter” from Cathleen A. Baker. Because Ms. Baker is also a University of Michigan employee, 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 Hatcher Graduate Library and Cathleen A. Baker.
2. The product provided is a limited edition autographed biography. The total cost for the product is \$1,800.00.
3. The pecuniary interest arises from the fact that Cathleen A. Baker, a University of Michigan employee, is the author and owner of the book.

Approval of Payment to Boxcar Studio

The Regents approved a payment by the Matthei Botanical Gardens to Boxcar Studio for website design, production and training. Because T. J. Smith, a University of Michigan employee, is also co-owner of Boxcar Studio, this contract 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 Matthei Botanical Gardens and Boxcar Studio.

2. The service provided is website design and training. The total cost for the service is \$1,147.50.
3. The pecuniary interest arises from the fact that T. J. Smith, a University of Michigan employee, is co-owner of Boxcar Studio.

Patent Option Agreement between the University of Michigan and Arbor Photonics, LLC

The Regents approved an option agreement with Arbor Photonics, LLC, for licensing of the technology “Mode Scalable Optical Fibers for High Power Fiber Lasers” (File #2859). Because Almanta Galvanauskas is both a University of Michigan employee and a partial owner of Arbor Photonics, LLC, 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 Arbor Photonics, LLC.
2. Option terms include giving Arbor Photonics, LLC an option to an exclusive license with the right to grant sublicenses. Arbor Photonics, LLC 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 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 interest of Dr. Almantas Galvanauskas arises from his ownership interest in Arbor Photonics, LLC.

Patent Option Agreement between the University of Michigan and Uptech, Inc.

The Regents approved an option agreement with Uptech, Inc., for licensing of the technology “Biphasic Nanoparticles” (File No. 2932). Because Professor Joerg Lahann is both a University of Michigan employee and a partial owner of Uptech, Inc., this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the University of Michigan and Uptech, Inc.
2. Option terms include giving Uptech, Inc. an option to an exclusive license with the right to grant sublicenses. Uptech, Inc. 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 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. Joerg Lahann arise from his ownership interest in Uptech, Inc.

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

On a motion by Regent Maynard, seconded by Regent Richner, the Regents unanimously approved a research agreement with Lycera. Regent McGowan did not participate in the vote due to a conflict of interest. Because Gary Glick, Anthony Oipari, and James Ferrara are University of Michigan employees and are also 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 University of Michigan and Lycera, Inc.
2. The terms of the proposed agreement will conform to University policy. Dr. Anna Mapp, associate professor of chemistry, who has no financial interest in the company, will direct the project over an initial six month period at an estimated cost of \$25,656. The agreement will include a provision allowing extension and modification of the project upon mutual agreement of the parties.
3. The project does not involve human subjects.

Museum of Anthropology Deaccession of Two Collections of Botanical Materials

Vice President Forrest informed the Regents that the University of Michigan Museum of Anthropology was in possession of two collections of botanical materials that had been obtained from two rock shelter sites in Kentucky. It has been determined that these collections do not legally belong to the museum, and the museum intends to deaccession the materials and return them to the University of Kentucky.

Non-tenure-track Clinical Appointment Sequence in the Gerald R. Ford School of Public Policy

On a motion by Regent McGowan, seconded by Regent Taylor, the Regents unanimously approved a non-tenure-track clinical appointment sequence in the Gerald R. Ford School of Public Policy, as described in the Regents Communication.

Regents' Meeting Schedule for 2008

On a motion by Regent Maynard, seconded by Regent Deitch, the Regents approved the following meeting schedule for 2008:

January 17
February 14
March 20
April 17
May 15 (Dearborn campus)
June 19
July 17
September 18
October 23 (Flint campus)
November 20
December 18

Public Comments

The Public Comments session began at 4:45 p.m. The Regents heard comments from David Boyle, alumnus, on UM executive compensation issues.

There being no further business, the meeting was adjourned at 5:00 p.m. The next meeting is scheduled for June 21, 2007.