

JANUARY MEETING, 2011

*The University of Michigan
Ann Arbor
January 20, 2011*

The regents convened at 3:30 p.m. in the Regents' Room. Present were President Coleman and Regents Deitch, Maynard, Newman, Richner, and White. Also present were Vice President and Secretary Churchill, Vice President Forrest, Vice President Harper, Provost Hanlon, Vice President Lampe, Chancellor Little, Vice President May, Chancellor Person, Executive Vice President Pescovitz, Vice President Scarnecchia, Executive Vice President Slottow, and Vice President Wilbanks. Regent Ilitch participated in the meeting by phone. Regents Darlow and Taylor were absent.

Call to Order and President's Opening Remarks

President Coleman called the meeting to order. She noted that she had attended Governor Snyder's "State of the State" address the previous evening, and was encouraged by his understanding of the contributions that are made by higher education to the state's economy. At the same time, the University is preparing for the shared sacrifices required by the state's unprecedented financial challenges, while looking forward to working with him and the state legislature to help move the state forward.

President Coleman also commented on the appointment of Brady Hoke as the new football coach, the election of 9 faculty members to the American Association for the Advancement of Science, and the selection by *Entrepreneur* magazine of Allen Kim, senior in the College of Engineering, as College Entrepreneur of the Year. Finally, she noted that the University had received two significant architectural awards: the "Institute Honor Award for

Architecture,” presented by the American Institute of Architects for the renovation and expansion of the Museum of Art, and the “Best of the Best” award, presented by McGraw-Hill Construction for the Michigan Stadium renovation project.

President Coleman then called on Vice President Forrest.

Annual Report on Research: “Innovation, Engagement and the Connected University”

Vice President Forrest pointed out that engaging with the outside world is a core mission of the University of Michigan, and that making a difference to the economic health of our state is a crucial to fulfilling this mission. His presentation focused on steps the University is taking to accelerate innovation and become further connected to the entrepreneurial community. One important step toward this goal was the purchase of the North Campus Research Center (“NCRC”). This allowed the creation of the Michigan Venture Center, which will serve a critically important role as a venture accelerator. He noted that the University of Michigan ranks eighth nationally in the number of agreements and startups, and tenth in revenues.

Vice President Forrest concluded by announcing the recipients of the 2011 Distinguished University Innovator Awards, Ken Wise and Khalil Najafi.

Presentation: “The Rewards of New Business Creation”

Vice President Forrest introduced Dr. James Baker Jr., professor of internal medicine, professor of biomedical engineering, and Ruth Dow Doan Professor of Nanotechnology. Dr. Baker noted that the University of Michigan has a tradition of providing opportunities for the economic development, as well as academic development, of its students, and this core mission is more important than ever in the current, exceptionally difficult, economic climate. Dr. Baker pointed out that most wealth creation stems from new business development, and it is incumbent upon the University to provide an environment that will make young entrepreneurs want to stay

in the state. Translational research helps the institution by bringing in more funding for research, product development, and job creation.

In response to a question from Regent Deitch about what further steps the University can take towards furthering an entrepreneurial culture at the University, Dr. Baker stated that the most important thing that can be done is to provide opportunities for students to “make their mark” after they graduate so that as many as possible will stay after they graduate. One way to do this is to expand and enhance the business creation initiatives underway in the Office of the Vice President for Research.

Committee Reports

Finance, Audit and Investment Committee. Regent White, chair of the Finance, Audit and Investment Committee, reported that the committee, consisting of herself and Regent Maynard, had met that morning with Executive Vice President Slottow. They considered the following agenda items: the annual lease portfolio report (with Associate Vice President Hank Baier, and Mark Eboch, manager for real estate and space information); information technology security and disaster recovery systems (with Associate Vice President Laura Patterson and Paul Howell, chief information technology security officer); and the bi-monthly internal audit update (with Carol Senneff, executive director of internal audits).

Personnel, Compensation and Governance Committee. Regent Richner, chair of the Personnel, Compensation and Governance Committee, reported that the committee had met with Associate Vice President Rowan Miranda and Ms. Senneff to review the University’s enterprise risk management programs. Provost Hanlon provided an update on dean searches, and the committee met with Vice President Churchill about proposed amendments to the Regents’ Bylaws.

Health Affairs Committee. Regent Deitch noted that Regent Darlow had been unexpectedly called away and was unable to attend the meeting. He reported that he and Regent Newman had met with Executive Vice President Pescovitz, other Health System and Medical School officials, and legal counsel to review the governance structure of the Health System and its various affiliates. The committee also discussed issues related to the changing health care marketplace. He commented that the regents' increased engagement with the Health System through this committee will be productive for the University.

President Coleman then turned to the consent agenda.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of December 16, 2010.

Reports. Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report, the University Human Resources Report, and the Regents Report on Non-Competitive Purchases over \$5,000 from Single Sources, September 16, 2010 through December 15, 2010. He noted that in addition to the architecture awards mentioned earlier in the meeting, in the past six years, the University had also received architecture awards for the Biomedical Sciences Research Building in 2007 and the Hill Auditorium renovation in 2005, and has been chosen to receive the 2010 Association of General Contractors Aon Build America Award in the construction management-renovation category for the Michigan Stadium renovation.

Litigation Report. Vice President Scarnecchia submitted the Litigation Report.

Research Report. Vice President Forrest submitted the Annual Report on Research and Scholarship FY 2010 Financial Summary, and the Report of Awards Established, July 1 – December 31, 2010.

University of Michigan Health System. Executive Vice President Pescovitz thanked the University of Michigan community for the warm outpouring of support she received following the death of her husband last month. There was no additional report regarding the University of Michigan Health System.

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

University of Michigan-Flint. Chancellor Person announced that the Flint campus had recently been notified that it had been honored by receiving a “2010 Community Engagement Classification” from the Carnegie Foundation for the Advancement of Teaching.

University of Michigan-Dearborn. Chancellor Little reported that more than 600 people had participated in the Dearborn Campus’s “Day of Service” on Martin Luther King Day.

Michigan Student Assembly Report. MSA president Chris Armstrong reported on recent activities, projects, and initiatives underway at Michigan Student Assembly.

Voluntary Support. Vice President May submitted the Report on Voluntary Support for December 31, 2010.

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

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

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

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

Approval of Consent Agenda. On a motion by Regent White, seconded by Regent Newman, the regents unanimously approved the consent agenda.

Fiscal Year 2010 Capital Outlay Submission All Campuses

Executive Vice President Slottow submitted the capital outlay request for all three campuses that had been submitted to the State of Michigan in December 2010.

Alternative Asset Commitment

Executive Vice President Slottow informed the board of recent follow-on commitments to two previously approved partnerships: \$25 million to Andreessen Horowitz Fund II, L.P., and \$30 million to Selene Residential Mortgage Opportunity Fund II, L.P.

Institute for Social Research Wing One Fire Suppression System

On a motion by Regent White, seconded by Regent Richner, the regents unanimously approved the Institute for Social Research Wing One Fire Suppression System Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Central Campus Area Utility Tunnel Refurbishment

On a motion by Regent Newman, seconded by Regent Maynard, the regents unanimously approved the Central Campus Area Utility Tunnel Refurbishment Renovation 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 10 conflict of interest items, each of which requires 6 votes for approval. On a motion by Regent Deitch, seconded by Regent White, the regents unanimously approved the following 10 items:

Agreement between the University of Michigan and TechSpek

The regents approved an agreement between the Department of Transplant Surgery and TechSpek to allow TechSpek to develop the registration website for the Cancer Disparities Conference. Because Carola Carlier, a University of Michigan employee, is also the owner of TechSpek, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the contract are the regents of the University of Michigan and its Department of Transplant Surgery and TechSpek.
2. The payment was for website development work that was completed between February 2010 and June 2010, at a cost of \$1,200.00.
3. The pecuniary interest arises from the fact that Carola Carlier, a University of Michigan employee, is the owner of TechSpek.

Agreement between the University of Michigan and Cornell Farms, LLC

The regents approved an agreement with the Cornell Farms, LLC, for the housing and care of sheep, and purchase of sheep for research in the Department of Molecular & Integrative Physiology. Because Marie S. Cornell, a University of Michigan employee, is also owner of Cornell Farms, LLC, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the agreement are the Regents of the University of Michigan and its Department of Molecular & Integrative Physiology and Cornell Farms, LLC.
2. The agreement is for housing and care of sheep and the purchase of sheep as needed for a five (5) year period, not to exceed a total cost of \$200,000.
3. The pecuniary interest arises from the fact that Marie S. Cornell, a University of Michigan employee, is owner of Cornell Farms, LLC.

Agreement between the University of Michigan and ElectroDynamic Applications (EDA)

The regents approved an agreement with ElectroDynamic Applications (EDA) for development support services for a 100 kW class Nested Hall Thruster, pursuant to a Department of the Air Force grant received by Professor Alec Gallimore in the Department of Aerospace Engineering. Because Professor Gallimore is also owner of EDA, this agreement falls under the

State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. The parties to the agreement are the Regents of the University of Michigan and ElectroDynamic Applications, Inc. (EDA).
2. The department is seeking approval of a four-year agreement with EDA for development support services, not to exceed a total cost of \$86,267.00
3. The pecuniary interest arises from the fact that Alec Gallimore, a University of Michigan employee, is the owner of EDA.

Lease Agreement and Relationship Agreement between the University of Michigan and Phrixus Pharmaceuticals, Inc.

The regents approved a lease agreement with Phrixus Pharmaceuticals, Inc. for standard modular lab space in the North Campus Research Complex start-up accelerator space (“NCRC”), and a relationship agreement defining the relationship between the University of Michigan and Phrixus Pharmaceuticals at NCRC. Because Thomas Collet and Bruce Markham, University of Michigan employees, are also partial owners of Phrixus Pharmaceuticals, these agreements fall under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the lease agreement and relationship agreement are the Regents of the University of Michigan and Phrixus Pharmaceuticals, Inc.
2. The service to be provided is the lease of standard modular laboratory and office space in the North Campus Research Complex start-up accelerator space on the second floor of Building 520, located at 1600 Huron Parkway, 2nd Floor, Ann Arbor, Michigan, for twelve months. The lease will begin in early 2011 and will use the standard U-M accelerator lease template. Tenant will pay the standard accelerator rates of: \$200 per month for each office (maximum of 8); \$2150 per month for each half bay of laboratory space (maximum of 3); and \$65 per month for each cubicle (maximum of 8). Phrixus Pharmaceuticals, Inc. will be responsible for providing monthly updates concerning its business progress to the University of Michigan Office of Technology Transfer, and will have access to Office of Technology Transfer personnel for advice concerning obtaining technology assessment, business consulting, technical assistance, capital raising, or other business services.
3. The pecuniary interest arises from the fact that Thomas Collet and Bruce Markham, University of Michigan employees, are owners of an equity interest in Phrixus Pharmaceuticals, Inc.

Lease Agreement and Relationship Agreement between the University of Michigan and Civionics LLC

The regents approved a lease agreement with Civionics LLC for standard modular lab space in the North Campus Research Complex start-up accelerator space (“NCRC”), and a relationship agreement defining the relationship between the University of Michigan and Civionics LLC at NCRC. Because Jerome Lynch and Andrew Zimmerman, University of Michigan employees, are also partial owners of Civionics LLC, these agreements fall under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the lease agreement and relationship agreement are the Regents of the University of Michigan and Civionics LLC.
2. The service to be provided is the lease of standard modular laboratory and office space in the North Campus Research Complex start-up accelerator space on the second floor of Building 520, located at 1600 Huron Parkway, 2nd Floor, Ann Arbor, Michigan, for twelve months. The lease will begin in early 2011 and will use the standard U-M accelerator lease template. Tenant will pay the standard accelerator rates of: \$200 per month for each office (maximum of 8); \$2150 per month for each half bay of laboratory space (maximum of 3); and \$65 per month for each cubicle (maximum of 8). Civionics LLC will be responsible for providing monthly updates concerning its business progress to the University of Michigan Office of Technology Transfer, and will have access to Office of Technology Transfer personnel for advice concerning obtaining technology assessment, business consulting, technical assistance, capital raising, or other business services.
3. The pecuniary interest arises from the fact that Jerome Lynch and Andrew Zimmerman, University of Michigan employees, are owners of an equity interest in Civionics LLC.

Lease Agreement and Relationship Agreement between the University of Michigan and 3D Biomatrix, Inc.

The regents approved a lease agreement with 3D Biomatrix, Inc. for standard modular lab space in the North Campus Research Complex start-up accelerator space (“NCRC”), and a relationship agreement defining the relationship between the University of Michigan and 3D Biomatrix, Inc. at NCRC. Because Nicholas Kotov and Shuichi Takayama, University of Michigan employees, are also partial owners of 3D Biomatrix, Inc., these agreements fall under

the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the lease agreement and relationship agreement are the Regents of the University of Michigan and 3D Biomatrix, Inc.
2. The service to be provided is the lease of standard modular laboratory and office space in the North Campus Research Complex start-up accelerator space on the second floor of Building 520, located at 1600 Huron Parkway, 2nd Floor, Ann Arbor, Michigan, for twelve months. The lease will begin in early 2011 and will use the standard U-M accelerator lease template. Tenant will pay the standard accelerator rates of: \$200 per month for each office (maximum of 8); \$2150 per month for each half bay of laboratory space (maximum of 3); and \$65 per month for each cubicle (maximum of 8). 3D Biomatrix, Inc. will be responsible for providing monthly updates concerning its business progress to the University of Michigan Office of Technology Transfer, and will have access to Office of Technology Transfer personnel for advice concerning obtaining technology assessment, business consulting, technical assistance, capital raising, or other business services.
3. The pecuniary interest arises from the fact that Nicholas Kotov and Shuichi Takayama, University of Michigan employees, are owners of an equity interest in 3D Biomatrix, Inc.

Lease Agreement and Relationship Agreement between the University of Michigan and Eng XT, Inc.

The regents approved a lease agreement with Eng XT, Inc. for standard modular lab space in the North Campus Research Complex start-up accelerator space (“NCRC”), and a relationship agreement defining the relationship between the University of Michigan and Eng XT, Inc. at NCRC. Because Nilton Renno and Steven Rogacki, University of Michigan employees, are also partial owners of Eng XT, these agreements fall under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the lease agreement and relationship agreement are the Regents of the University of Michigan and Eng XT, Inc.
2. The service to be provided is the lease of standard modular laboratory and office space in the North Campus Research Complex start-up accelerator space on the second floor of Building 520, located at 1600 Huron Parkway, 2nd Floor, Ann Arbor, Michigan, for twelve months. The lease will begin in early 2011 and will use the standard U-M accelerator lease template. Tenant will pay the standard accelerator rates of: \$200 per month for each office (maximum of 8); \$2150 per month for each half bay of laboratory space (maximum of 3); and \$65 per month for each cubicle (maximum of 8). Eng XT, Inc. will be responsible for providing monthly updates

concerning its business progress to the University of Michigan Office of Technology Transfer, and will have access to Office of Technology Transfer personnel for advice concerning obtaining technology assessment, business consulting, technical assistance, capital raising, or other business services.

3. The pecuniary interest arises from the fact that Nilton Renno and Steven Rogacki, University of Michigan employees, are owners of an equity interest in Eng XT, Inc.

License Agreement between the University of Michigan and Li, Fischer, Lepech and Associates, LLC

The regents approved a license agreement with Li, Fischer, Lepech and Associates, LLC (“Company”) which will allow the Company to license the University’s rights associated with the following technologies: UM OTT File No. 1193, “Control of Interface Properties between Fiber/Cementitious Material;” UM File No. 1863, “Concrete Constructions Employing the Use of a Ductile Strip;” UM File No. 1888, “Self-Compacting Engineered Cementitious Composite;” UM File No. 2383, “Lightweight Strain Hardening Brittle Matrix Composites;” UM File No. 2418, “Sprayable, Strain-Hardening Cementitious Compositions;” UM File No. 2824, “Process for Increasing the Ductility of High Performance Fiber-Reinforced Materials;” UM File No. 3713, “Engineered Self-Healing Cementitious Compositions;” UM File No. 3870, “Impact Resistant Strain Hardening Brittle Matrix Composite for Protective Structures.” Because Victor Li, a University of Michigan employee, is also partial owner of Li, Fischer, Lepech and Associates, 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 Regents of the University of Michigan and Li, Fischer, Lepech and Associates, LLC.
2. Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay royalties 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 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 interests of Dr. Li arise from his ownership interest in Li, Fischer, Lepech and Associates, LLC.

Research Agreement between the University of Michigan and Ascentage Pharma Group Corporation, Ltd.

The regents approved a research agreement with Ascentage Pharma Group Corporation, Ltd. (“Company”) which will allow Dr. Shaomeng Wang, a University of Michigan employee, to participate in the experimental design and managing of the Company’s research activities. Because Dr. Wang is also co-founder, stockholder with a significant financial interest, director, and consultant to 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 Regents of the University of Michigan and Ascentage Pharma Group Corporation, Ltd.
2. The agreement provides \$600,000 of funding to the design and development of the project over a proposed period of performance of nineteen (19) months. The University’s standard contract provisions apply. 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 conflict of interest review will be done as appropriate.
3. Dr. Wang’s pecuniary interests arises from his status as co-founder, stockholder with a significant financial interest, director, and consultant to the Company.

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

The regents approved a research agreement with Proteostasis Therapeutics, Inc. (“Company”) which will allow the company to enter into a sponsored research agreement with the University that will enable Dr. Randal Kaufman to assist in the performance of the research. Because Dr. Kaufman, 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 Regents of the University of Michigan and Proteostasis Therapeutics, Inc.
2. The terms of the agreement conform to University policy. The period of performance for the project is one (1) year and the amount of funding support is \$70,730. University procedures for approval of the project will be followed and additional review by the Medical School Conflict of Interest Review Board will be conducted as appropriate.
3. Dr. Kaufman's pecuniary interest arises from his status as a partial owner of Proteostasis Therapeutics, Inc.

Non-tenure-track Clinical Appointment Sequence in the School of Natural Resources and Environment

On a motion by Regent White, seconded by Regent Maynard, the regents unanimously approved establishment of a non-tenure-track clinical appointment sequence in the School of Natural Resources and Environment.

Approval of Academic Calendars for 2012-2013 and 2013-2014 for the University of Michigan-Dearborn Campus

On a motion by Regent White, seconded by Regent Maynard, the regents unanimously approved the academic calendars for 2012-2013 and 2013-2014 for the University of Michigan-Dearborn campus.

New Undergraduate Degree Program, College of Arts and Sciences, University of Michigan-Flint (*"Bachelor of Arts Degree in English with a Specialization in Linguistics"*)

On a motion by Regent White, seconded by Regent Maynard, the regents unanimously approved a new undergraduate degree program at the University of Michigan Flint, "Bachelor of Arts Degree in English with a Specialization in Linguistics."

New Undergraduate Degree Program, College of Arts and Sciences, University of Michigan-Flint (*"Bachelor of Science Degree in Energy and Sustainable Systems"*)

On a motion by Regent White, seconded by Regent Richner, the regents unanimously approved a new undergraduate degree program at the University of Michigan Flint, "Bachelor of Science Degree in Energy and Sustainable Systems."

New Graduate Degree Program, School of Health Professions and Studies, University of Michigan-Flint (“*Master of Public Health*”)

On a motion by Regent Newman, seconded by Regent Maynard, the regents unanimously approved a new graduate degree program, “Master of Public Health,” to be offered by the School of Health Professions and Studies, University of Michigan-Flint.

President Coleman next turned to two supplemental agenda items. It was noted that these projects have been in development for some time, and due to the abbreviated meeting last month, timing did not allow them to be fully vetted and brought forward in the normal manner. Construction and scheduling delays would occur if the project had been held over until the next month.

Crisler Arena Expansion

On a motion by Regent Newman, seconded by Regent White, the regents unanimously approved the Crisler Arena Expansion Project as described in the regents communication, and authorized commissioning TMP Architecture along with Sink Combs Dethlefs for its design.

Crisler Arena, Michigan Stadium, and Yost Ice Arena Scoreboard Replacement

On a motion by Regent Newman, seconded by Regent White, the regents unanimously approved the Crisler Arena, Michigan Stadium, and Yost Ice Arena Scoreboard Replacement Project as described, and authorized issuing the project for bids and awarding construction contracts, providing that bids are within the approved budget.

Public Comments

The regents heard comments from the following people, on the topics indicated: Robb Woulfe, citizen, thanking the University of Michigan for support of the Ann Arbor Summer Festival; Douglas Smith, alumnus, on Department of Public Safety issues; Raymond G. Mullins,

alumnus, on the organization, “The Loyal Opposition to the Status Quo, Inc.,” Ellora Gupta, student, on support for the 21st Asia Business Conference; Joel Batterman, student, on the Fuller Road parking expansion project; Joseph A. Verilone and Ashkay Verma, students, on the use of animals in survival flight nurses training.

Adjournment

There being no further business, the meeting was adjourned at 5:00 p.m. The next meeting will take place February 17, 2011.