

MARCH MEETING, 2008

*The University of Michigan
Ann Arbor
March 20, 2008*

The Regents convened at 3:20 p.m. in the Regents' Room. Present were President Coleman and Regents Darlow, Deitch, McGowan, Newman, Richner, and White. Also present were Vice President and Secretary Churchill, Vice President Forrest, Vice President Harper, Interim Chancellor Kay, Executive Vice President Kelch, Interim Vice President Hage, Vice President Lampe, Chancellor Little, Vice President May, Executive Vice President Slottow, Provost Sullivan, and Vice President Wilbanks. Regents Maynard and Taylor were absent.

Call to Order

President Coleman called the meeting to order. She reported that the University had recently received two significant gifts, first from Dorothea Wyatt, a founding faculty member of the University of Michigan-Flint, who made a bequest of \$6 million to the UM-Flint's Department of History, the largest gift ever received from an individual in the campus's 52-year history. The second gift, of \$200,000, is from Regent Andrea Fischer Newman and her husband, Frank, to support the C.S. Mott Children's and Women's Hospital and the Department of Intercollegiate Athletics. President Coleman noted that Regent Newman's participation as an active volunteer in the Michigan Difference campaign has helped move the campaign forward in countless ways.

President Coleman also gave an overview of her recent trip to Ghana and South Africa with a delegation of University faculty members. She said they had had extremely productive

talks with university leaders in both countries about continuing and expanding partnerships in a number of areas, and she described some of the specific projects that are underway.

President Coleman concluded her comments by calling for a moment of silence in memory of Leo Felty, Jr., a masonry worker who died on February 28, 2008, while working on the Museum of Art expansion project.

Dean's Report: School of Music, Theatre & Dance

President Coleman introduced Dean Christopher Kendall of the School of Music, Theatre & Dance.

Dean Kendall began by playing a clip from a recent performance by the University of Michigan Symphony Orchestra at Carnegie Hall. He noted that the school is in a unique position as a top-ranked, comprehensive, performing arts school at a top-ranked public university, and has 66 degree programs in research, performance, and education in music, theatre, and dance. The school is the most selective undergraduate unit at the University with an enrollment of 1,040 (75% undergraduate students and 25% graduate students), of which 11% are from underrepresented groups. He listed some of the accomplishments of recent alumni, current students, and faculty.

Dean Kendall reviewed the school's programs in all of the performing arts disciplines, highlighting its renowned programs in musical theatre, composition, and conducting. He noted that the school stages over 400 events annually, most of which are free and open to the public and help enrich the life of the University and the region. He also pointed out that the school offers more class credits to non-majors than any other unit at the University except the College of LS&A.

Dean Kendall spoke about the Arts on Earth initiative involving all of the North Campus units and the Arts Enterprise program, a collaboration between students in the Ross School of Business and Music, Theatre & Dance, as well as other initiatives undertaken by the school's faculty and students that contribute to the broader community. Among the school's challenges are widening its donor prospect pool so as to be able to compete in scholarship offerings, performing arts facilities, and other area with its more highly endowed peers. The goal is to "make the Michigan experience affordable for those intellectually curious, artistically talented, civically engaged students in the arts" who want to attend the University of Michigan.

University of Michigan Alumni Association Update

President Coleman introduced Steve Grafton, executive director of the Alumni Association. Mr. Grafton observed that a major function of the Alumni Association is to engage alumni so that they are supportive of the University. He listed some of the association's current initiatives, noting that 90% of the opportunities currently available to alumni to engage them with the University have been developed in the past 5-10 years. These initiatives include informative podcasts, quarterly video updates, broadening the focus of local alumni clubs, and developing innovative means of engaging current students. Mr. Grafton described some of the on-campus activities currently underway in the latter area, and said they have been very successful. One such event, a "coffee and bagels" open house at the Alumni Center, attracted over 900 students.

Mr. Grafton also described other alumni activities that are occurring both on the national and international levels. He noted that for the first time, the Alumni Association had participated in the Michigan Difference campaign and had exceeded its goal of raising funds for need-based scholarships. He commented that while membership numbers have been static in recent years,

engagement of alumni has steadily increased. The addition of a new benefit of library access for certain Alumni Association membership levels is expected to help increase membership.

Mr. Grafton concluded with observations of what he hears from alumni as he travels around the country.

Committee Reports

Finance, Audit and Investment Committee. Regent McGowan, chair of this committee, reported that she and Regent Maynard had covered the following agenda items with Executive Vice President Slottow and others: Sarbanes Oxley work plan status, follow up and review of FY07 external audit and FY08 external audit plan (with Peggy Norgren, associate vice president for finance, Carol Senneff, executive director of University Audits, Brent Haase, internal controls compliance manager, Cheryl Soper, University controller, Dave Morlock UMHHC chief financial officer, and Rick Stover, John Mattie and Bill Stulginsky, of PricewaterhouseCoopers, LLP.), and the regular bi-monthly internal audit update with Carol Senneff.

Personnel, Compensation and Governance Committee. Regent Richner, chair of this committee, reported that he, Regent Darlow, Regent Newman, and Regent White first met with Dean Ball of the School of Education and Provost Sullivan for the first in an ongoing review of institutional quality and outcomes-related topics with the schools and colleges. The committee was updated by Provost Sullivan on on-going dean and director searches, and then was briefed by Provost Sullivan and President Coleman on the recent reports of academics and student athletes at the University. He said that “the committee expressed support for the ongoing efforts of the administration and the Athletic Department to assure our student athletes’ academic success and the actions the University has taken to conduct a thorough internal review and response relating to these issues. The committee noted its particular concern over the

unauthorized release and subsequent publication of private student information without the permission of the student involved. The last agenda item concerned a set of proposed “house-keeping” amendments to the Regents’ Bylaws.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of February 14, 2008.

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

Litigation Report. Interim Vice President Hage submitted the Litigation Report, and announced that the litigation involving ADA compliance at Michigan Stadium has been resolved.

Research Report. Vice President Forrest submitted the Report of Projects Established, February 1 - February 29, 2008. He announced that the University of Michigan has achieved full accreditation in the Association for the Accreditation of Human Research Protection Programs (AAHRP), meaning the University has demonstrated it provides safeguards to research participants that surpass the threshold of state and federal requirements. He thanked the committee that had worked with the AAHRP to accomplish the review and accreditation.

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

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

University of Michigan-Dearborn. Chancellor Little reported on the campus’s experience in housing participants in Alternative Spring Break.

University of Michigan-Flint. Interim Chancellor Kay commented on the gift from Dorothea Wyatt, noting that it will be transformative for the Department of History and the College of Arts, Sciences and Letters. He also reported on progress being made on construction of the campus's new residence hall, and noted that a number of applications have been received from first year students. UM-Flint students had also participated in Alternative Spring Break.

Michigan Student Assembly Report. Mr. Mohammad Dar, president of Michigan Student Assembly, reported on recent activities and accomplishments of MSA. He also expressed concerns on behalf of the Dearborn student body about the proposed priority system for student football tickets. Lastly, Mr. Dar noted that the MSA elections were underway and a newly-elected MSA president would be in place by the time of the April Regents' Meeting.

Voluntary Support. Vice President May submitted the Report of Voluntary Support for February 2008. He also submitted a report on IRA gifts submitted under the Pension Protection Act of 2006. He reported that the University raised \$9.3 million through this program, far more than any other Big Ten institution. He reported that one of the University's most devoted donors, Mary Meader, had died the past weekend at the age of 91, and he recounted some of the highlights of her life and the importance of her support to the University.

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

Degrees. President Coleman submitted recommendations for the award of honorary degrees to the following individuals: Frances Elizabeth Allen, computer scientist/Turing Award winner, Doctor of Science; James Abbott, athlete, Doctor of Laws; Jocelyn Bell Burnell,

astronomer/physicist, Doctor of Science; William Ernest Harwell, journalist/broadcaster, Doctor of Humane Letters; and Jack O'Brien, theatre director, Doctor of Fine Arts. These degrees are to be awarded at the Spring 2008 commencement.

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

The Regents then turned to consideration of the regular agenda.

Alternative Asset Commitments

Executive Vice President Slottow informed the Regents about follow-on investments that had been made with the following, previously approved funds: \$15 million (Canadian) to JOG IV, L.P.; \$25 million to Canyon-Johnson Fund III, L.P.; and €15 million to Bridgepoint Europe IV, L.P.

In response to a question from Regent Newman about how the current economic situation is impacting the University's investment portfolio, Chief Investment Officer Erik Lundberg and Executive Vice President Slottow observed that while the University is not immune to the current volatility in the market, its focus on risk avoidance and having a highly diversified portfolio should lessen the impact of a major downturn.

Report of University Internal Audits, December 1, 2007-January 31, 2008

Executive Vice President Slottow submitted the report of the Office of University Audits activities for the period December 1, 2007 through January 31, 2008.

Planned Uses of Income from the Julian A. Wolfson and the Marguerite Wolfson Endowment Funds for the Fiscal Year 2008-2009

On a motion by Regent White, seconded by Regent Newman, the Regents unanimously approved the uses of the income of the Wolfson Endowment Funds as described in the Regents Communication.

Vera Baits II Mechanical Infrastructure Renewal

On a motion by Regent White, seconded by Regent Richner, the Regents unanimously approved the Vera Baits II Mechanical Infrastructure Renewal Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

North Campus Switch Station Transformer Upgrades

On a motion by Regent Richner, seconded by Regent White, the Regents unanimously approved the North Campus Switch Station Transformer Upgrades Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

South Quadrangle Eighth Floor Roof Replacement

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved the South Quadrangle Eighth Floor Roof Replacement Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Alumni Memorial Hall Museum of Art Addition and Renovation

On a motion by Regent White, seconded by Regent Darlow, the Regents unanimously approved the revised project scope and budget for the Alumni Memorial Hall Museum of Art Addition and Renovation Project as described.

Naming of the Nanofabrication Facility in Honor of Robert H. Lurie

On a motion by Regent White, seconded by Regent McGowan, the Regents unanimously approved designating the nanofabrication facility in the College of Engineering the Robert H. Lurie Nanofabrication Facility.

Conflict of Interest Items

President Coleman announced that the agenda includes 11 conflict of interest items, each of which requires 5 votes for approval. These would be considered as a block, in one vote.

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

Authorization of Payment to All Shine Cleaning

The Regents authorized payment by the Medical School's Department of Surgery, Michigan-Surgical Collaborative for Outcomes Research and Evaluation (M-SCORE) to All Shine Cleaning for cleaning services for their off-campus research offices. Because the owner of All Shine Cleaning, Stephanie Lindimore, 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 Medical School Department of Surgery M-SCORE and All Shine Cleaning.
2. The payment is for two months of cleaning services for 2,300 square feet of office space located at 211 N. Fourth Avenue in Ann Arbor for \$630.00.

3. The pecuniary interest arises from the fact that Stephanie Lindimore, a University of Michigan Hospital employee as a registered nurse, is owner of All Shine Cleaning.

Authorization for Purchase from Measurement Systems Inc.

The Regents authorized payment by the Biomedical Engineering Department to Measurement Systems Inc. for purchase of a microprocessor and preamplifier. Because the owner of Measurement Systems, Inc., Charles Wooley, 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 Biomedical Engineering Department and Measurement Systems Inc.
2. The purchase is a four-channel microprocessor and preamplifier for \$2,130.
3. The pecuniary interest arises from the fact that Charles Woolley, a University of Michigan employee, is owner of Measurement Systems Inc.

Authorization for Purchase of Artwork by Jacqueline Hoats

The Regents approved the purchase of a painting by Jacqueline Hoats by the Office of the Vice President for Research. Because Jacqueline Hoats 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. Parties to the contract are the Regents of the University of Michigan and its Office of the Vice President for Research and Jacqueline Hoats.
2. The purchase is a 30" by 24" acrylic on canvas painting for \$450.
3. The pecuniary interest arises from the fact that Jacqueline Hoats, a University of Michigan employee, is creator of the painting that was purchased.

Subcontract Agreement between the University of Michigan and Grizzly Moose, LLC

The Regents approved a subcontract agreement between the University of Michigan and Grizzly Moose, LLC ("Company"), under which personnel in the Department of Orthopaedic Surgery in the Medical School would assist the Company in the performance of a research grant.

Because Scott McCreadie, co-founder and co-owner of the Company, 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 University of Michigan and Grizzly Moose, LLC.
2. The terms of the agreement conform to University policy. The period of performance for the project is twelve (12) months and the amount of funding support is \$45,972. Since research agreements are often amended, the subcontract 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. Scott McCreadie's pecuniary interest arises from his status as co-founder and co-owner of Grizzly Moose, LLC.

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

The Regents approved a license agreement with OtoMedicine, Inc. ("OtoMedicine") to obtain an exclusive license to the following technology from the University: UM File No. 2213, "Prevention of Cisplatin Induced Deafness"; UM File No. 2215, "Auditory Nerve Protection and Re-Growth"; UM File No. 3341.1, "Methods and Compositions for Treatment of Noise-Induced Hearing Loss"; and UM File No. 3341.2, "Methods and Compositions for Treatment of Noise-Induced Hearing Loss." Because Dr. Joseph Miller, a University of Michigan employee, is also partial owner of OtoMedicine, 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 OtoMedicine, Inc.
2. License terms include giving OtoMedicine an exclusive license with the right to grant sublicenses in all fields. OtoMedicine will pay patent costs, royalties on sales and certain milestone payments and minimum royalties. 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. Additional conflict of interest review will be done as appropriate.
3. The pecuniary interests of Dr. Miller arise from his ownership interest in OtoMedicine.

License Agreement between the University of Michigan and Sakti3 (formerly Arbor Energetics)

The Regents approved a license agreement with Sakti3 (“Company”) for licensing of the following technology: UM OTT File No. 3633, “Micromachined Deposited Battery,” and UM OTT File No. 3668, “Hybrid Battery Supply for EV, HEV or PHEV.” Because Ann Marie Sastry, a University of Michigan employee, is also a partial owner of Sakti3, 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 Sakti3.
2. Agreement terms include granting the Company an exclusive royalty-bearing 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. 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. Sastry arise from her ownership interest in Sakti3.

License Agreement between the University of Michigan and CFI Group USA, LLC

The Regents approved a license agreement with CFI Group to allow the University to continue to use its software package, “MACRO,” and to sublicense use of this software to third parties. Because Claes Fornell, a University of Michigan employee, is also a partial owner of CFI Group, 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 CFI Group USA, LLC.
2. Agreement terms include granting the University non-exclusive rights to continue to use the MACRO internally for development of the ACSI. In addition, the agreement grants the University a non-exclusive right to sublicense access to MACRO to other parties. The University will pay a royalty on such sublicenses. 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. Fornell arise from his ownership interest in CFI Group. He will continue to waive any personal participation in the sharing of revenue received by the University.

Master Research Agreement between the University of Michigan and OtoMedicine, Inc.

The Regents approved a master research agreement with OtoMedicine under which the University will participate in various projects that OtoMedicine will support independently or from grants from federal agencies related to technology licensed or optioned to OtoMedicine by the University. Because Josef Miller, a University of Michigan employee, is also partial owner of OtoMedicine, Inc. (“OtoMedicine”), 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 OtoMedicine, Inc.
2. The University will enter into an agreement with OtoMedicine that will cover standard procedures for performance of projects, as well as provisions implementing University and federal policies related to intellectual property and publication. The master agreement will cover an initial five-year period with a total authorization not to exceed \$1,000,000. The University will use standard sponsored project accounting procedures to determine the cost of each project. Budgets will be reviewed and approved by authorized representatives of each department and school/college where projects are to be performed. The agreement will allow the University and OtoMedicine to specify projects that the University will conduct under the terms of the master agreement. Since research projects are often amended, the agreement includes provisions for changes in time, amount, and scope of each supported project. University procedures for approval of each project will be followed and additional review by the Medical School Conflict of Interest Board will be done on a project-by-project basis.
3. Josef Miller’s pecuniary interest arises from his status as partial owner of OtoMedicine, Inc. His role in each project will be described in a project statement and a conflict of interest management plan will be developed.

Amendment to Option Agreement between the University of Michigan and Nico Technologies Incorporated

The Regents approved an option agreement with Nico Technologies, Inc., to extend its option agreement for an additional six months and add the new technology file, UM File No. 3819, “In vitro analog of human bone marrow from 3D scaffolds,” to its existing option

agreement. Because Nicholas Kotov, a University of Michigan employee, is also the partial owner of Nico Technologies, 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 Regents of the University of Michigan and Nico Technologies, Inc.
2. Option terms include giving Nico the option to obtain an exclusive license in the field of use of biomaterials with the right to grant sublicenses. 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 contract may be amended by consent of the parties.
3. The pecuniary interest of Dr. Kotov arises from his ownership interest in Nico Technologies, Inc.

Subcontract Agreement between the University of Michigan and Sarcoma Alliance for Research through Collaboration

The Regents approved a subcontract agreement with the Sarcoma Alliance for Research through Collaboration (SARC) for funding of clinical trials at the University of Michigan. Because Dr. Laurence Baker, University of Michigan employee, is also co-founder, executive director, president, and director of SARC, 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 the Sarcoma Alliance for Research through Collaboration (SARC).
2. The terms of the proposed agreements are acceptable and conform to University policy. The amount of the subcontract to the University is \$207,813. The period of performance is 5 years. Human subject approval will be obtained prior to commencement of this study. Dr. Baker plays no role with regard to the University's performance of these agreements and receives no remuneration from them.
3. Laurence Baker's pecuniary interest arises from his status as co-founder, executive director, president, and director of SARC. He receives no compensation from SARC and has no financial interest in SARC.

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

The Regents approved a license agreement with OcuSciences, Inc. (“OSI”), for licensing of the following technologies from the University: UM OTT File No. 2573, “Method of Evaluating the Metabolism of the Eye,” and UM OTT File No. 3881, “Applications of Ocular Flavoprotein Fluorescence.” Because Howard Petty and Victor Elner, University of Michigan employees, are also partial owners and officers of OSI, 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 OcuSciences, Inc.
2. License terms include giving OSI an exclusive royalty-bearing license to the technologies. 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 Drs. Elner and Petty arise from their ownership interest in OSI.

New Combined Undergraduate/Graduate Degree Program, “Bachelor of Science/Master of Science in Chemistry or Biochemistry,” University of Michigan-Flint

On a motion by Regent White, seconded by Regent Darlow, the Regents unanimously approved establishment of a new combined undergraduate/graduate degree program, “Bachelor of Science/Master of Science in Chemistry or Biochemistry,” to be offered at the University of Michigan-Flint.

New Undergraduate Degree Program, “Bachelor of Science Degree in Mechanical Engineering,” University of Michigan-Flint

On a motion by Regent White, seconded by Regent Richner, the Regents unanimously approved a new undergraduate degree program, “Bachelor of Science Degree in Mechanical Engineering,” to be offered at the University of Michigan-Flint.

Proposed University of Michigan-Flint FY 2008-2009 Board Rates

On a motion by Regent White, seconded by Regent Newman, the Regents unanimously approved board rates of \$2,600 per year or \$1,300 per semester to provide a meal plan for resident students.

The Regents then turned to Public Comments.

Public Comments

The Regents heard comments from Helen Ho and Kiara Vigil, students, on GEO contract negotiations with the University, and Joseph Sowmick, public relations director, Saginaw Chippewa Indian Tribe of Michigan, on the disposition of ancestral remains and funerary objects.

There being no further business, the meeting was adjourned at 4:45 p.m. The next meeting is scheduled for April 17, 2008.