

MARCH MEETING, 2015

Approved by the
Regents
April 16, 2015

*The University of Michigan
Ann Arbor
March 19, 2015*

The regents met at 3:40 p.m. in the Anderson Room, Michigan Union. Present were President Schlissel and Regents Bernstein, Deitch, Diggs, Ilitch, Newman, Richner and White. Also present were Chancellor Borrego, Vice President and Secretary Churchill, Vice President Harper, Interim Vice President Hu, Executive Vice President Runge, Chancellor Little, Vice President Lynch, Vice President May, Provost Pollack, Vice President Rudgers, Interim Executive Vice President Strong and Vice President Wilbanks. Regent Behm participated via conference call.

Call to Order and President's Opening Remarks

President Schlissel thanked everyone who participated in the Honors Convocation on Sunday and congratulated the students and faculty who were recognized for their outstanding achievements. He welcomed Marschall Runge to his first meeting as EVPMA and congratulated six, tenure-track faculty members in the natural and physical sciences, computer science, economics, and mathematics who earned Sloan Research Fellowships.

President Schlissel said he was impressed with the students who participated in UM's 18th annual Dance Marathon, which raises money C.S. Mott Children's Hospital and Beaumont Children's Hospital in Royal Oak, and also the 300 UM students who participated in Alternative Spring Break service immersion experiences.

President Schlissel noted that he recently spoke at the American Association of Hispanics in Higher Education annual conference in Frisco, Texas, about UM's role in the historic Supreme Court admissions cases and the challenges of diversity.

President Schlissel referred to the recommendations for honorary degrees on the agenda: John Dingell, former U.S. Congressman for Michigan's 12th Congressional District, *Doctor of Laws*; Sanford R. Robertson, pioneering venture capitalist, founding partner of Francisco Partners, *Doctor of Laws*; Paul Saginaw and Ari Weinzweig, co-owners and founding partners, Zingerman's Community of Businesses, *Doctor of Laws*; Robert J. Shiller, Sterling Professor of Economics, Department of Economics and Cowles Foundation for Research in Economics, Yale University, professor of finance and fellow at the International Center for Finance, Yale School of Management, *Doctor of Science*; Robin Wright, distinguished scholar, Woodrow Wilson International Center for Scholars, senior fellow, U.S. Institute of Peace (joint), and contributing writer, The New Yorker Magazine, *Doctor of Humane Letters*; Tadataka Yamada, gastroenterologist, pharmaceutical researcher, executive vice president and chief medical and scientific officer, Takeda Pharmaceutical Company Limited, *Doctor of Science*.

President Schlissel introduced Vice President Jack Hu, to present the Annual Research Report.

Presentation: Annual Research Report and Mobility Transformation Center

Vice President Hu said that the university exceeded \$1.32 billion in research for FY 2014, down slightly from last year. The funding decline is not due to lack of effort. Submissions and the number of awards have increased, but the total award amount has decreased. He said that it was an excellent year for technology transfer with record numbers of faculty disclosures, licensing agreements and startups.

Vice President Hu announced the 2015 Distinguished University Innovator award recipient, Dr. Stephen Forrest, Paul G Goebel Professor of Engineering, professor of electrical engineering and computer science, professor of material science and engineering, College of

Engineering and professor of physics, College of Literature, Arts and Science, and 2006-13 Vice President for Research. Dr. Forrest fosters a culture of innovation and partnership with industry, holds 263 patents, and is the co-founder of five companies.

Dr. Hu introduced Dr. Peter Sweatman, director of the Mobility Transformation Center. Dr. Sweatman said that the center, created in 2013, positions UM and southwest Michigan as leaders in this field. He spoke to the many changes in the world of mobility, saying the center is a “public private partnership that will lead to a revolution in mobility and develop the foundation for a commercially viable ecosystem of connected and automated vehicles.”

Committee Reports

Finance, Audit and Investment Committee. Regent Bernstein, chair of the Finance, Audit and Investment Committee, said that he met with Regent Behm via conference call, and Interim Vice President Strong, and Nancy Hobbs, interim associate vice president for finance, Cheryl Soper, university controller and director of financial operations, and, external auditors from PricewaterhouseCoopers, LLP, to review the FY14 A-133 audit, “comments and observations,” and to review the FY15 audit plan and contract. Jeff Moelich, executive director, university audits, provided the committee with an update on the status of audit reports issued and follow-up reviews completed since the last meeting. Jerry May, vice president for development and Martha Pollack, provost and EVP for academic affairs, provided an update on the Victors for Michigan Campaign and the impact the campaign has on the general fund budget. Members of the Health Affairs committee and the Personnel, Compensation and Governance committee joined the FAI committee to review the FY16 general fund budget proposals for the Ann Arbor, Flint, and Dearborn campuses with Chancellors Borrego and Little, Vice Presidents Wilbanks, and Rudgers.

Health Affairs Committee. Regent Diggs reported that she and committee members Regents Ilitch and Deitch met with Jeff Desmond, interim chief medical officer, who gave the quality and safety update focused on “handovers,” and the exchange of information between health professionals that accompany the transfer of patient care. Tony Denton, acting CEO for Hospitals and Health Centers, provided a summary of the last hospitals and health centers executive board meeting. Paul Castillo, chief financial officer, presented the February UMHS financial results. Executive Vice President Marschall Runge announced that the medical school ranked in the top 10 in the *US News and World Report* for both research and primary care. The committee received a fact sheet on the Samuel and Jean Frankel Cardiovascular Center, which opened in 2007 and has nearly 1,700 faculty, staff and volunteers working at 11 locations in Southeastern Michigan.

Personnel, Compensation and Governance Committee. Regent Richner, chair of the Personnel, Compensation and Governance Committee, and Regent Newman met with Vice President Churchill and Provost Pollack for an update of searches currently underway. Provost Pollack also provided a review of the student/faculty ratio. Dean Hilton, gave a digital education strategy report, followed by reports from Chancellor Little on the UM-Dearborn campus, and Chancellor Borrego, on the UM-Flint Campus.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of February 19, 2015.

Reports. Interim Executive Vice President Strong submitted the Investment Report as of February 28, 2015 and the Plant Extension Report. There was no University Human Resources Report.

Litigation Report. Vice President Lynch submitted the Litigation Report.

Research Report. Interim Vice President Hu submitted the Report of Projects Established, July 1 – February 28, 2015.

University of Michigan Health System. Executive Vice President Runge said that he was pleased to be in attendance at his first regents meeting.

Student Life. Vice President Harper voiced her support for the intermural building renovation items on the agenda.

University of Michigan-Dearborn. Chancellor Little shared news on the UM-Dearborn Difference Makers program, and 50 students who were selected for recognition based on their community service and academic excellence. He also noted several other service activities: Vista Maria, an institution that support girls with little opportunity; Women in Learning (WIL); and Student Outreach and Academic Resources (SOAR). He said that student experiences with these organizations are inspiring.

University of Michigan-Flint. Chancellor Borrego commented on professor and scholar, Angela Davis, who gave several presentations on the UM-Flint campus. She said 30 senior staff recently went through culture competency training, along with 20 student government leaders. She spoke to the 800 students at honors convocation, and said that UM-Flint earned a spot on the President's Higher Education Community Service Honor Roll, a recognition for universities who work to solve community problems and encourage civic engagement.

Central Student Government Report. Central Student Government (CSG) President Bobby Dishell Bobby said he worked with Provost Pollack on the complex calendar issue mentioned at last month's regents meeting, and said the recommendation is to leave the calendar

as is. He still plans to survey students regarding future calendars. He reported on current events, and a resolution to support a committee for investments in oil and coal which passed overwhelmingly, student meetings with OSCAR, work on the Student Honor Pledge, and the fact that 850 Pell students responded to the Athletic Department's need based ticket program.

Mr. Dishell corrected a misstatement he made previously when he said, "there is nothing else that more students participate in than Michigan football, which this year was roughly 12,000 students. I now know, upon reflection and looking at data, that the single thing that affects the most students on a day-to-day basis is their mental well being. About 36% of students have had some form of counseling in the past year, and 21% still do. As you may know, the second leading cause of death for people between the ages of 15-24 is suicide. The leading cause is accidents. The frightening thing is that over 15,000 of our students have sought help this year. That means there are even more affected by mental health and depression day in and day out. I am one of these students. I battle with depression every day of my life and have throughout my time working with all of you. Today, I'm winning that battle. I was able to get help and I still do. I would not be here today if I hadn't. But this is not something I get to choose when I wake up in the morning. I, and other students like me, go through a constant struggle. While there is something incredibly frightening about this data, there is also hope. Suicide is something that we can stop. As we enter the budgeting season, I ask that the board take the time to take a close look at mental health services we provide-- counseling and psychological services, the Depression Center, and many others, and consider giving them an increase. One suicide is too many. We have the ability to shatter the stigma and the power to make a change around this issue."

Regent Bernstein thanked Mr. Dishell for sharing his story and said, “This a topic that requires people to speak out courageously, and that is what UM is about and I’m proud of you and grateful to you for sharing with us so publicly. I hope you know that you have a strong friend in this board and in this administration in making sure that the mental health issues of our student body, and beyond our campus, are front and center.”

Regent Newman echoed Regent Bernstein’s remarks. She also encouraged students to re-evaluate fall break, noting that when it was presented to the Regents several years ago, she did not support it. She pointed out several concerns, saying “I think having a four day break in October sends a lot of kids off campus, allows for things to occur that may not otherwise occur, and takes you out of the realm of doing what you are here to do. Some can leave and some can’t, and without this break you are given a longer winter break.” She encouraged Mr. Dishell and his successor to seriously look at whether fall break is necessary.

Voluntary Support. Vice President May had no additional report.

Personnel Actions/Personnel Reports. Provost Pollack presented a supplemental appointment recommendation for Aaron P. Dworkin, dean, professor of music (strings), with tenure and Paul Boylan Collegiate Professor Music, School of Music, Theatre & Dance effective July 20, 2015 through June 30, 2020 that is included in the consent agenda. She said that Dr. Dworkin is a visionary leader, an accomplished musician and award-winning teacher with a passion for transforming young lives through art.

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

Memorials. Vice President Churchill submitted a memorial statement for Tobin Siebers, Ph.D., Vernon Louis Parrington Collegiate Professor of Literary and Cultural Criticism, professor of English language and literature, and professor of art and design.

Degrees. Honorary Degrees. President Schlissel said that the Committee on Honorary Degrees has recommended that honorary degrees for those individuals mentioned during opening remarks for this meeting, be awarded at Spring 2015 Commencement.

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

Sale of Gifted Real Estate

Interim Executive Vice President Strong reported on the sale of a 1.3-acre vacant lot located in Grand Marais, Alger County, Michigan. The net proceeds of the sale will benefit the UM Medical School, the Frederick A. Coller Professorship Fund, and the University Musical Society.

Supplemental Information to the Audited Financial Statements of the Department of Intercollegiate Athletics of the University of Michigan for the Year Ended June 30, 2014

Interim Executive Vice President Strong spoke to the report on agreed-upon procedures performed by PricewaterhouseCoopers, in accordance with NCAA financial reporting requirements (NCAA Bylaw 3.2.4.16).

Alternative Asset Commitments

Interim Executive Vice President Strong reported on the University's follow-on investments with previously approved partnerships with a commitment of \$50 million to Brookdale Investors Seven, L.P.; \$50 million to Crow Holdings Realty Partners VII, L.P.; €25

million (~\$28 million) to Bridgepoint Europe V, L.P.; and \$25 million to New Leaf Ventures III, L.P.

Alternative Asset Commitments

On a motion by Regent White, seconded by Regent Ilitch, the regents unanimously approved a commitment of \$20 million from the Long Term Portfolio to the Turner Multifamily Impact Fund, L.P.

University of Michigan Hospitals and Health Centers Livonia Center for Specialty Care Otolaryngology and Urology Leasehold Improvements

On a motion by Regent White, seconded by Regent Diggs, the regents unanimously approved the University of Michigan Hospitals and Health Centers Livonia Center for Specialty Care Otolaryngology and Urology Leasehold Improvements project as described.

Eda U. Gerstacker Grove

Sue Gott, university planner, Department of Architecture, Engineering and Construction presented the schematic design for the Eda U. Gerstacker Grove. The project includes a mix of uses for an iconic space on North Campus including a new plaza, realigned walkways, a sand volleyball court, improved Wi-Fi, energy efficient lighting for improved security, and a storm water management system in the form of infiltration gardens.

On a motion by Regent White, seconded by Regent Diggs, the regents unanimously approved the schematic design for the Eda U. Gerstacker Grove project as presented and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Intramural Sports Building Renovation

On a motion by Regent Diggs, seconded by Regent White, the regents unanimously approved the Intramural Sports Building Renovation project for bids and awarding construction contracts providing that bids are within the approved budget.

North Campus Recreation Building Additions and Renovation

On a motion by Regent White, seconded by Regent Diggs, the regents unanimously approved North Campus Recreation Building Additions and Renovation project and authorized commissioning Integrated Design Solutions in association with RDG Planning and Design for its design.

Central Campus Area Utility Tunnel Reinforcement

On a motion by Regent Richner, seconded by Regent Ilitch, the regents unanimously approved the Central Campus Area Utility Tunnel Reinforcement, and authorized issuing the Project for bids and awarding construction contracts providing that bids are within the approved budget.

President Schlissel said the agenda includes eight conflict of interest items, each of which requires six votes for approval. On a motion by Regent White, seconded by Regent Richner, the regents unanimously approved the following items.

Authorize Execution of Investment Agreement under the MINTS Program for Vesper Technologies, Inc.

The regents unanimously approved the execution of an investment agreement between the University of Michigan and Vesper Technologies, Inc. (the “Company”) for a total of \$2.5 million in potential investment (through one or more rounds of financing) under MINTS.

Because Karl Grosh, 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 Vesper Technologies, Inc.
2. The University will receive an equity interest in the entity in return for its investment(s). No use of University services or facilities, nor any assignment of University employees is obligated or contemplated under the Agreement. Under MINTS, the University must co-invest in a financing round together with at least one Qualifying Venture Capital Investment Firm. Agreements standard for venture capital investing will be executed. The Investment Office may execute finance agreements up to a total of \$2.5 million in potential investments (through one or more rounds of financing) under MINTS.
3. The pecuniary interest arises from the fact that Karl Grosh, University of Michigan employee, is a partial owner of Vesper Technologies, Inc.

Authorization for the University of Michigan to Enter into a License Agreement with Competing Values LLC

The Regents unanimously approved a license agreement with Competing Values LLC (the “Company”) for the temporary use of property located at 601 East University Avenue, Ann Arbor, Michigan.

Because Jeffrey T. Degraff, 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 license agreement are the Regents of the University of Michigan and Competing Values LLC.
2. The service to be provided is the license for temporary use of second floor space in a building at 601 East University Avenue, Ann Arbor, Michigan for scheduled intermittent daily use, beginning April 1, 2015, through January 31, 2017, at a rate of \$500 per day per designated use period.
3. The pecuniary interest arises from the fact that Jeffrey T. Degraff, University of Michigan employee, is a partial owner of Competing Values LLC.

Authorization for the University of Michigan to Enter into Lease Agreement with a Venture Accelerator Firm Located at the North Campus Research Complex

The regents approved a lease agreement for space in the North Campus Research Complex Venture Accelerator, located at 1600 Huron Parkway, Ann Arbor, with the company listed in the spreadsheet that is part of the regents' communication. The space will be utilized as office and lab space for research and business operations for each respective company. The company has an opportunity to expand their operations per the parameters outlined in the spreadsheet to include additional laboratory or office space. Because those named for the company included in the regents communication (and listed below) are University of Michigan employees, and party to the lease by virtue of their share of the ownership of the company, membership on respective tenant board of directors, or acting as an officer in the tenant company, 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 lease agreements are the Regents of the University of Michigan and the companies listed on the attached spreadsheet that is part of the Regents Communication, and listed here: 1) Endectra LLC.
2. The service to be provided is the lease of space in the North Campus Research Complex Venture Accelerator located at 1600 Huron Parkway, Ann Arbor, Michigan with access to common area space within the building. The lease durations including all options for renewal are outlined in the spreadsheet. The lease will use the standard University of Michigan Venture Accelerator lease template. Tenants will pay the rates as stipulated in the attached spreadsheet for the current term and option years as indicated with a monthly rate for the current term as follows: 1) \$638. The company will be responsible for providing monthly updates concerning their business progress to the University of Michigan's 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 the individuals listed on the spreadsheet (and listed below) for the company are University of Michigan employees and owners and/or officers of each respective tenant company: 1) Nicholas Cucinelli, Roy Clarke, and Norman Rapino.

Authorization for the University to enter into an agreement with Avicenna Medical Systems, Inc.

The Regents unanimously approved an agreement with Avicenna Medical Systems, Inc. (“the Company”), to deploy AviTracks patient tracking software to track patient medications and lab results.

Because University of Michigan employees, Frank Pelosi, Erdwing Coronado and Khaled El-Safty, are owners 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 its Division of Nephrology in the Department of Internal Medicine and Avicenna Medical Systems, Inc.
2. The agreement is for programming services in the amount of \$17,000 for a duration of twelve months.
3. The pecuniary interest arises from the fact that Frank Pelosi, Erdwing Coronado and Khaled El-Safty are University of Michigan employees, and owners of Avicenna Medical Systems, Inc.

Authorization for the University to transact with Metronome Systems LLC

The Regents unanimously approved an agreement with Metronome Systems LLC (the “Company”) for a wireless sensor network.

Because University of Michigan employee, Branko Kerkez, is a partner 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 its School of Natural Resources and Metronome Systems LLC.
2. The agreement is for a wireless sensor network consisting of 10 sensor nodes, 10 wireless repeater nodes, 1 embedded network manager, 10 temperature and humidity sensors and 10 high-efficiency solar charge controllers valued at \$12,445.

3. The pecuniary interest arises from the fact that University of Michigan employee, Branko Kerkez, is a partner of Metronome Systems LLC.

Authorization for the University to enter into an agreement with QE Tools, LLC

The Regents unanimously approved an agreement with QE Tools, LLC (the “Company”) the purchase of an Excel-based add-in tool for Six Sigma Green Belt Training Courses.

Because Patrick Hammett, University of Michigan employee, is the 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 its College of Engineering and QE Tools, LLC.
2. The agreement is for software licensing in an amount not to exceed \$80,000 for a duration of thirty-six months.
3. The pecuniary interest of Patrick Hammett, arises from his ownership interest in QE Tools, LLC.

Sponsored Activity Agreement between the University of Michigan and tranSMART Foundation

The Regents unanimously approved a sponsored activity agreement with tranSMART Foundation (the “Company”) to fund a project entitled “Supporting the Open Science tranSMART Community” (ORSP# 15-PAF03181) in the Computational Medicine and Bioinformatics Department.

Because University of Michigan employees Professors Brian Athey, Gilbert Omenn, and Mr. Kevin Smith, have leadership positions with 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 tranSMART Foundation.
2. The terms of the Agreement conform to University policy. The period of performance for the project is approximately 12 months. The amount of funding support will not

exceed \$166,738. Since projects are often amended, this 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. The pecuniary interest of Professors Brian Athey, Gilbert Omenn, and Mr. Kevin Smith, arises from their leadership positions in tranSMART Foundation.

Option Agreement between the University of Michigan and Ecovia Renewables LLC

The Regents unanimously approved an agreement with Ecovia Renewables, LLC (the “Company”) to obtain an option from the University of Michigan for the University’s rights associated with the following technology: UM OTT File No. 6244, entitled: “Co-Cultures for Producing Poly-Glutamic Acid (PGA).”

Because Professors Professor Xiaoxia Lin and Dr. Jeremy Minty, University of Michigan employees, and also partial owners 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 Ecovia Renewables, LLC.
2. Agreement terms include granting the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will pay an option fee and reimburse patent costs. 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, such as adding related technology. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
2. The pecuniary interests of Professors Xiaoxia Lin and Dr. Jeremy Minty arise from their ownership interest in Ecovia Renewables, LLC.

Bylaws of the Ann Arbor Summer Festival

On a motion by Regent White, seconded by Regent Diggs, the regents unanimously approved the Bylaws of the Ann Arbor Summer Festival as presented.

UM-Dearborn College of Engineering and Computer Science Executive Committee

On a motion by Regent White, seconded by Regent Bernstein, the regents unanimously approved revisions to the UM-Dearborn College of Engineering and Computer Science Executive Committee as described.

Public Comments

Regents heard comments from the following individuals on the topics listed: Terri Wilcox, citizen, on access for people with disabilities at the Detroit Metropolitan Airport; Katelyn Maddock, student, on syllabus language on Title IX and campus resources; Nicholas Jansen, student, on forming a committee to address divestment from coal and oil; John Brodsky, student, on onsite admissions in Detroit schools; Sandhya Medapuram, student, on the drop in minority enrollment; Daniel Wu, student, on University of Michigan divestment from fossil fuel holdings; and Scott Bloomberg, student, on oil and coal divestment.

Adjournment

There being no further business, the meeting was adjourned at 5:10 p.m. The next meeting will take place on April 16, 2015.