

**Approved by the Regents
July 17, 2014**

JUNE MEETING, 2014

*The University of Michigan
Ann Arbor
June 19, 2014*

The regents met at 3:00 p.m. in the Anderson Room, Michigan Union. Present were President Coleman and Regents Bernstein, Darlow, Diggs, Ilitch, Newman and Richner. Also present were Vice President and Secretary Churchill, Vice President Harper, Interim Vice President Hu, Chancellor Little, Vice President Lynch, Vice President May, Chancellor Person, Provost Pollack, Vice President Rudgers, Executive Vice President Slottow and Vice President Wilbanks. Regents White and Deitch participated via conference call. Interim Executive Vice President Johns was absent.

Call to Order and President's Opening Remarks

President Coleman called the meeting to order and said that approval of the University's budget is the primary topic. She expressed gratitude for the increase in state funding this year, which is a marked change from recent years and will help hold down tuition.

President Coleman said this is Executive Vice President Tim Slottow's final board meeting before he leaves to become president of the University of Phoenix. She thanked him for his diligence, integrity, leadership and commitment and wished him and his wife, Marie, all the best in the future. She turned the meeting over to Regent Richner.

Regent Richner read the following resolution:

Regents' Resolution

The Regents of the University of Michigan extend their deep appreciation to Executive Vice President and Chief Financial Officer Timothy P. Slottow as he steps down from his position on June 20, 2014.

Vice President Slottow was appointed interim chief financial officer in 2002, and assumed his current role in June 2003. He was instrumental in leading the

University's unprecedented growth and continued financial stability in the midst of recession and declining state support.

A fact-based, data-driven decision maker, Vice President Slottow valued the best interests of the institution including his efforts to make staff feel a sense of community and a connection to the institution. He expanded environmental sustainability efforts, wellness programs, technology and facilities upgrades, safety initiatives, and managed risk while leading more than 60 different organizational units. His fiscal acumen led to historic growth of the UM endowment and the highest possible bond ratings from both Standard & Poor's and Moody's Investor Services. He worked tirelessly to protect the university's assets while improving the campus experience for students, faculty and staff through an expansive physical transformation of new and renovated facilities.

The Regents salute Timothy P. Slottow, and extend their congratulations to him as he assumes his new role as president of the University of Phoenix, and thank him for his commitment to Making Blue Go!

Vice President Slottow thanked the regents, his staff, and his colleagues, saying that he was grateful to have been part of this team.

President Coleman said, "Today is also my 131st and final meeting as president. I've been blessed this past year with several wonderful farewell gestures and programs from the community, so I will be brief. I want to thank the Board for its leadership and counsel these past 12 years. This is a large, complex place with myriad issues and challenges, and the Board has always focused on doing what is best for Michigan. I am grateful to all of you for your support. And thank you to the senior leadership that sits around this table. My management philosophy has always been to surround oneself with the brightest individuals possible, and they are right here. Thank you.

"Serving as president of this great university has been a privilege and the most rewarding experience of my professional life. I have been committed to leaving the University a stronger place than when I began as president, and I believe we are well positioned to further our impact

as a great public research university. That happens because of teamwork and a commitment to excellence. Thank you again, all of you, for your support.”

Regent Newman read the following:

Regents' Resolution

The Regents of the University of Michigan extend their heartfelt gratitude to President Mary Sue Coleman as she concludes 12 years of exemplary service as the University's thirteenth president.

With vision and creativity, President Coleman advanced programs, enrollment and the endowment. She led the institution through the state's most challenging economy since the Depression, and did so with success and impact. She deepened the university's relationship with the state of Michigan, and especially the city of Detroit, and was a staunch supporter of study abroad programs for students. President Coleman was an advocate of entrepreneurship, sustainability, global opportunities, and arts and creativity. She accelerated a culture of excellence in academics, research, public service and health care. She valued and pursued diversity in the campus community and the student body. She had a clear understanding of the importance of philanthropy, and together with her husband Ken, gave generously.

Truly a leader. Truly the best. The Regents thank Dr. Mary Sue Coleman for being an outstanding president and valued colleague, and wish her and Ken all the best in their retirement. Befitting her own transition, and in her own words: "For today, goodbye. For tomorrow, good luck. And forever, Go Blue!"

Regent Ilitch thanked President Coleman and said, “It has been a privilege to work with you. You’ve been a tireless advocate for UM and you have taught me a lot. Thank you on behalf of Michigan. Your philanthropy and fund raising skills have been amazing.”

Regent Richner noted that he was elected shortly after President Coleman took office. He said, “I have to thank the board members at the time for selecting Mary Sue. Having gone through this process of selecting a new president, I know how difficult that process is, and it couldn't have worked out any better for the university. She came on board during a very difficult time, when the state appropriation was cut drastically in 2003, yet she has truly transformed the university, and has been a model for other universities.”

Regent Darlow reflected on the many well deserved accolades President Coleman has received, and concluded that there was one hallmark that symbolized her presidency which was evident in the students amazing reaction to her at commencement and their appreciation for her efforts on their behalf. She said, “What you were doing was all about the students, and the students know that. Your most amazing legacy is that you have been all about the students, and we thank you so much for that.”

Regent Diggs said, “As an alumna, I was excited 12 years ago when you were selected. As a woman, I was especially proud that you were our first female president in almost 200 years. Thank you for your love of students, which can be seen in your public stance on affordability, and diversity, which are issues that are dear to my heart. Thank you for your support of faculty, which is the basis of our university. Finally, as a biochemist you understand the health sciences which, as a physician, is also dear to my heart. Thank you.”

Regent Bernstein said, “This is a historic moment in many ways. Attending 131 Regents’ meetings equates to over four straight months of meetings. We have benefitted immensely from your leadership. You have been a transformative leader during a transformative moment in higher education, and every area of this university has been touched. It has been a great honor to serve with you.”

Regent White said, “It has been a tremendous honor to work with you over the past 12 years. I’m sorry I can’t be there to say goodbye in person, but I know you are not entirely leaving, so I will see you. I learned a lot from you and I’ve enjoyed the work we have done together as a board and thank you for your tremendous service to this great institution. It has been especially important that you have worked hard to make sure the university has the resources to do its great work. You worked tirelessly to raise money, and you have empowered

your executive officers to do great work as well. You have shown them great support, and that is a mark of excellent leadership.”

Regent Deitch said, “Thank you very much for your hard work and strong leadership. Thanks to both you and Ken for your truly extraordinary generosity. I wish you great happiness, in the next chapter of your life. Knowing you as I do, I am confident you will continue to contribute to important institutions and causes in our country and around the world in meaningful ways. We will miss you.”

Regent Newman turned to Vice President Slottow and said, “It’s hard when your last meeting is the same as the President’s last meeting. I will miss your efficiency, follow-up, and everything about you. I’ve enjoyed working with you during my entire tenure on the board. You have been amazing in your ability to explain something concisely and give an opinion.”

President Coleman said, “I could not have had a better financial partner than Tim Slottow.” She said they accomplished a lot of great things together, and she was deeply grateful.

CFO Report on the Overall Financial Health of the University

Vice President Slottow gave an overview of the university’s financial health and focus on core financial principles, risk and internal controls, and the endowment and general fund. He provided highlights of the physical plant for the Ann Arbor campus, including renovations and new construction. He commented on sustainability and the reduced energy use, and other programs that lower the university’s carbon footprint. Human capital investments were highlighted and included work environment, MHealthy programs and health benefits strategies.

Vice President Slottow provided information on liability management, including the highest possible credit rating and a solid debt management policy. He said that the proposed

budget continues to support the University's overall financial health, and he thanked his team for putting it together.

Proposed Ann Arbor FY 2014-2015 General Fund Operating Budget, Student Tuition and Fee Rates

Provost Pollack presented the general fund operating budget, noting the core priorities-- academic excellence, affordability access and careful stewardship of resources-- have remained consistent over the years. She noted the importance of support for faculty recruitment and retention, and resources for libraries and technology. She described new programs, diversity initiatives, and the commitment to affordability that includes increased funding of undergraduate financial aid for students with financial need. This budget was developed with an increase in state appropriations, which is welcome and long overdue, but must be considered in context: it is equivalent to the 1964 appropriation in real dollars. The three-pronged budget approach included efforts to keep tuition down, control costs, and develop philanthropy and includes an undergraduate tuition increase of 1.6% for in-state students, 3.4% for out-of-state students, and a 2.4% increase for graduate programs, with differentials for a limited number of programs.

In addition, beginning in 2015, all students will be assessed a \$65/term fee which was approved in April 2013, and will fund improvements to the unions and recreational sports facilities. There is also a recommendation for a \$2 increase in the fee that supports the activities of the Central Student Government.

Proposed Dearborn Campus FY 2014-2015 General Fund Operating Budget, Student Tuition and Fee Rates

Chancellor Little presented the UM-Dearborn budget recommendations that will maintain and advance academic excellence, and access for low and middle income students. It includes a

21% increase in financial aid funding in order to keep up with the rising need. The budget includes a 3.2% increase to in-state undergraduate and graduate tuition, and 0.1% for non-residents. It also includes a small increase in the student fee, which is \$5.00/semester, and has not increased for 20 years. This budget will provide access to high quality education to over 9,000 students.

Proposed Flint Campus FY 2014-2015 General Fund Operating Budget, Student Tuition and Fee Rates and Proposed 2014-2015 University of Michigan-Flint Residence Hall Rates

Chancellor Person highlighted budget principals in enrollment management and growth, both of which are central to the UM-Flint campus along with cost reductions and deferred maintenance. This budget includes additional funding for financial aid at 2% above the tuition rate increase. Value and accessibility are also important, as nearly half of the UM-Flint students are Pell Grant eligible, as is the faculty/student ratio. The recommended tuition increase for UM-Flint is 3.0% at all levels.

Chancellor Person continued, saying that residence hall rates at UM-Flint are the lowest room and board rate of any of the 15 Michigan public colleges. The recommended room rate increase is 2.7%.

Proposed 2014-2015 University Housing Residence Hall and Northwood Community Apartments Rates

Vice President Harper began with a word of support for a University employee struck by a University bus earlier in the day. She is a well know and beloved staff member, and the thoughts and prayers of her friends and colleagues are with her, as well as with the bus driver, and the rest of the Michigan family impacted by this tragic accident.

With respect to budget recommendations, Vice President Harper said that the residential life experience has never been stronger, and she is recommending a 2.5% increase as follows: 2.0% for the residential life initiative for capital improvements; 0.5% increase for operating costs; and a 0.5% increase for Northwood family and graduate apartments.

2014-2015 Fee Assessments for Central Student Government (CSG), Student Legal Services (SLS), and School/College Governments

Vice President Harper continued with recommended fee assessments for all students: a CSG fee of \$9.19/term, which is an increase of \$2; a student legal services fee of \$8.50/term, which is no change from last term; and a \$1.50/term fee for School/College governments, which is no change.

Proposed 2014-2015 University Health Service Fee

Vice President Harper recommended a 1% increase in the Health service fee to increase staffing for screening and managing for alcohol abuse and depression services, bringing the fee to \$176.66/term/student.

Proposed University of Michigan Hospitals and Health Centers (UMHHC) FY 2015 Operating Budget

Interim CEO Denton reported on the Michigan Hospitals and Health Centers FY15 operating budget. He talked about vision and value as a provider and employer, research, education and patient care. This budget recommendation reflects activity growth: investment in people, program and purpose; increased capacity enabling access to patients; and efficiencies in service.

CEO Denton said that he represents the work of thousands, and acknowledged the front line team of physicians, faculty and nurses who support patient care. Plans continue to evolve in terms of capacity with the UMHS as the provider of choice, and in support of other elements of

health care, including research and education. This recommended budget increases revenue from \$2.5 billion to \$2.6 billion, with expenses of \$2.57 billion. He and his staff remain sensitive to risk, and are carefully watching the evolving healthcare landscape.

FY 2015 University of Michigan Athletic Department Operating Budget

Director of Athletics Dave Brandon recognized Jim Balgooyen, associate athletic director for business services, and announced that Jim will retire this fall after 25 years of service. Mr. Brandon commented on the 2015 Athletic Department Operating Budget, which is stable and sustainable with continued investment in facilities and successful fundraising. With a budget of \$150 million this year, they are projecting a surplus of about \$5 million, which will be reinvested in facility plans.

President Coleman called a short recess saying, that there has been a mistake made by a newspaper this afternoon getting out ahead of the Regents' discussion and budget voting.

The meeting adjourned at 4:10 pm and reconvened at 4:20 pm.

Discussion on Budgets

President Coleman reconvened the meeting and opened the floor for questions and comments about the budgets. She asked Provost Pollack to restate the investment in faculty and the also the increase in financial aid.

Provost Pollack explained that there will be a 17% increase in funding for financial aid, which will ensure that students with need will not see an increase in the cost of attendance, and some may see a decrease. The faculty initiative involves about \$6 million towards a program that will bring between 60 and 80 new faculty to campus to increase the number of small classes (less than 20 students) to improve engaged education.

Regent Darlow asked about assistance for families making less than \$60,000. Provost Pollack said that for the past few years, the university has reduced loan amount for families in that range, and that in this year's budget, loan amounts are also being reduced for in-state families with need, making \$60,000 – \$140,000.

Regent Darlow asked for clarification on the net cost to a family.

Provost Pollack said that every situation is different, but for resident families with zero Expected Family Contribution (EFC), which typically means a family income of \$20,000 or less, there would be no loan, no cash out of pocket, and the student would need to earn \$2,500 in work-study. For a family making \$20,000-40,000 the EFC is \$331, with \$2,500 in work-study and about \$2,500 in loans.

Chancellor Little said that UM-Dearborn is adding about \$1.8 million to an existing central fund of \$8.2 million allocated to need-based students. This will allow them to continue to enhance packages and increase funding as more students are qualifying for those programs.

Chancellor Person said that UM-Flint increased financial aid by 2% above the tuition increase to better fund need-based students, as the vast majority of their students are low and middle-income students.

Vice President Harper provided an update of the three phases of residence hall renovations, two of which are complete and included fire suppression and safety updates. Planning for the third phase includes a continued look at capacity and needs.

Regent Ilitch said, "I applaud the provost on a fine job. You have been extremely sensitive to the affordability issues, which we have been working on for a few years. We have done a nice job this past year of very aggressive cost containment; there have been a lot of changes and great work has been undertaken. I have spoken in the past about alternate revenue

streams and great work has taken place here as well, in finding more efficiency, such as with IT. Provost Pollack, you play an important role, and I have felt your passion for caring about our students and trying to keep tuition down. I detest tuition increases, but this year and this budget I feel good about, because as a team, we have done the best we can, given the challenges we face. Thank you.”

Regent Newman asked, “ Last year we raised tuition 1.1%, this year 1.6%, and last year we had a much smaller increase in state appropriations. This year’s state appropriations increase is 5.7%. Is there some point in time when you would recommend no tuition increase? It concerns me that many people ask for higher appropriation every year, and we need to be responsible stewards of that increase.”

Provost Pollack explained, “Costs go up at the rate of inflation and the increase in state appropriations is only a small portion of the UM budget-- \$16 million in a \$1.8 billion budget. Efforts continue to cut expenses, but the excellence of this university needs to be protected, which means competing for the best faculty, having technology that supports students, taking care of deferring maintenance of laboratories and classrooms. And we are coming off a decade of cuts, to the point where our per student appropriation in real dollars has been cut by 40%. I would love to never have to increase tuition at a rate greater than the rate of inflation.”

Regent Newman acknowledged that there have been efficiencies but said there is more to accomplish as technology takes a greater role. She said, “It’s difficult to explain the cost of higher education outside this room. We need to continue to be good stewards.”

Regent Bernstein said, “Despite the modest increase, in 2004 the per pupil spending was \$11,316 and went down to \$6,692 in Governor Snyder’s first budget. It has increase to \$6,753

for 2015. So there was an increase, but we are nowhere near where we were previously. In real terms, we are getting the same aggregated funding as in 1964.”

Regent Newman said, “This institution was much smaller in 1964, and the regents make decisions to increase the size of the institution, regardless of the state appropriation. We make our own decisions, and suggest that the state is not keeping up.”

Regent Bernstein said, “The decisions we have made to grow the University over the last 40 years, with the growth of the research corridor, have benefitted this state, the country and the world in immeasurable ways.”

Regent Richner said, “I have seen the state appropriations go up, and go dramatically down; you can’t look at one year in isolation. The multi-year horizon is beneficial to the university. We don’t want to shock our students with a huge increase. We all would like to be able to hold tuition firm over a period of time.”

Proposed Ann Arbor FY 2014-2015 General Fund Operating Budget, Student Tuition and Fee Rates

On a motion by Regent Bernstein, seconded by Regent Richner, the regents unanimously approved the Ann Arbor FY 2014-2015 General Fund Operating Budget, Student Tuition and Fee Rates.

Proposed Dearborn Campus FY 2014-2015 General Fund Operating Budget, Student Tuition and Fee Rates

On a motion by Regent White, seconded by Regent Bernstein, the regents unanimously approved the Dearborn Campus FY 2014-2015 General Fund Operating Budget, Student Tuition and Fee Rates.

Proposed Flint Campus FY 2014-2015 General Fund Operating Budget, Student Tuition and Fee Rates

On a motion by Regent Bernstein, seconded by Regent White, the regents unanimously approved the Flint Campus FY 2014-2015 General Fund Operating Budget, Student Tuition and Fee Rates.

Proposed 2014-2015 University of Michigan-Flint Residence Hall Rates

On a motion by Regent White, seconded by Regent Bernstein, the regents unanimously approved the 2014-2015 University of Michigan-Flint Residence Hall budget.

Proposed 2014-2015 University Housing Residence Hall and Northwood Community Apartments Rates

On a motion by Regent White, seconded by Regent Bernstein, the regents unanimously approved the 2014-2015 University Housing Residence Hall and Northwood Community Apartments Rates.

2014-2015 Fee Assessments for Central Student Government (CSG), Student Legal Services (SLS), and School/College Governments

Regent Newman asked for an explanation of the increased funding for the CSG. Vice President Harper said that these funds are primarily used to support student related activities and programming. The number of student organizations has grown, as have new initiatives such a mental health. The CSG is trying to be more responsive, and have surveyed students about the increase, finding them to be supportive. The CSG fee will go from \$7.19 to \$9.19 with the last increase nine years ago.

Regent Richner said, "I have a philosophical opposition to mandatory student activity fees, so I will be a no vote."

Regent Newman said, “My concern is that, while I appreciate the students wanting more money and I have received some notes from student groups, I don’t think that every student on this campus should be asked to pay, so I will vote against it also.”

Regent Bernstein said, “I disagree with you. This is a \$2 increase. If students availed themselves to one free pizza dinner that one of the student groups may provide during the fall term, they would get their money’s worth. This kind of support for our students is essential to the culture of the university. The reason why we get students from all over the world is because of the hundreds of student groups we have on campus. It’s a wise investment.”

Regent Deitch said, “One of the great things about Michigan in terms of student life is that there is something for everybody and therefore, it’s appropriate for everybody to pay.”

On a motion by Regent Diggs, seconded by Regent White, the regents approved the 2014-2015 University Health Service Fee Assessments for Central Student Government (CSG), Student Legal Services (SLS), and School/College Governments, with Regents Bernstein, Darlow, Deitch, Diggs, Ilitch, and White in favor, and Regents Newman and Richner opposed.

Proposed 2014-2015 University Health Service Fee

On a motion by Regent White, seconded by Regent Bernstein, the regents unanimously approved the 2014-15 University Health Service Fee.

Proposed University of Michigan Hospitals and Health Centers (UMHHC) FY 2015 Operating Budget

On a motion by Regent Diggs, seconded by Regent Darlow, the regents unanimously approved the University of Michigan Hospitals and Health Centers (UMHHC) FY 2015 Operating Budget.

Revenue and Expenditure Operating Budgets for FY 2014-2015

There was discussion about the various budget approvals and the process used for approving individual budgets and then the overall budget for the university. This process will be reviewed for possible changes in the future.

On a motion by Regent White, seconded by Regent Bernstein, the regents approved the Revenue and Expenditure Operating Budgets for FY 2014-2015 with Bernstein, Darlow, Deitch, Diggs, Ilitch, and White in favor. Regents Newman and Richner abstained.

Public Comment

Regents heard comments from Linda Martinson, alumna, on minutes: General Counsel Lynch's reply to my public comments

Committee Reports

Finance, Audit and Investment Committee. Regent Richner, chair of the Finance, Audit and Investment Committee, said that he and Regents Bernstein and Darlow met with Vice President Slottow, and Jeff Moelich, executive director of university audits, for a review of the Internal Audit – University Risk Assessment & FY 2015 Audit Plan. They also met with Laurita Thomas, associate vice president for human resources, and Tom Palmer, university human resources senior business analyst, who presented the Human Capital Report.

Health Affairs Committee. Regent Diggs reported that she and committee member Regents Ilitch met with Interim Executive Vice President for Medical Affairs Michael Johns, Health System CEO Doug Strong, CFO Paul Castillo, and Medical School Dean Woolliscroft.

The committee received a MiChart update with Dr. Andrew Rosenberg, chief medical information officer, and Sue Schade, chief information officer, who spoke to the recent implementation of electronic medical records.

The committee heard from Jeanne Strickland, chief compliance officer, for an update on data security and privacy. COO Tony Denton and CEO Doug Strong provided an overview of the June Hospitals and Health Centers Executive Board meeting, and CFO Paul Castillo presented the May UMHS financial results.

The committee reviewed a fact sheet on health care for children and women, noting that the Children's hospital opened 111 years ago and the Women's hospital opened 108 years ago.

Personnel, Compensation and Governance Committee. Regent Newman, co-chair of the Personnel, Compensation and Governance Committee, and Vice President Churchill and received a report from Provost Pollack on current searches. The committee met with Dean Marie Lynn Miranda for an institutional quality update on the School of Natural Resources and Environment, and reviewed revisions to the bylaws for the Ann Arbor Summer Festival with Associate General Counsel Tom Blessing.

Regent Newman said, "The Regents' Bylaws state that the positions of chair and vice chair rotate based on seniority until all members of the board have had the opportunity to serve as chair or vice chair. I've had the honor of serving as chair this past year and am delighted to turn over the reins to Regent White, and to Regent Diggs. "Following this provision, I move the nomination of Regent Katherine White as chair, and Regent Shauna Ryder Diggs as vice chair of the Board of regents, effective July 1, 2014 through June 30, 2015." Regent Ilitch supported the motion and it carried unanimously.

Regent Bernstein said, “We don’t always agree on anything, but you did a superb job as chair. It’s a job that has tremendous responsibility and no authority, which is a horrible combination. You did it very well.”

Regent Richner said, “I agree you did an great job, and it’s a thankless job.”

President Coleman added her thanks and said that it is a time consuming job, and she appreciated Regent Newman’s work.

Regent White said, “I’ve been working with Regent Newman as vice chair all year, and it was a very eventful year with the presidential search, and there were issues we had to resolve as a board. I really appreciate her leadership, and the rest of the board working well together, and I hope we do so in the future.”

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of May 15, 2014.

Reports. Executive Vice President Slottow submitted the Investment Report as of May 31, 2014 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 – May 31, 2014.

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

Student Life. Vice President Harper had no report.

University of Michigan-Flint. Chancellor Person had no report.

University of Michigan-Dearborn. Chancellor Little had no report.

Central Student Government Report. Central Student Government (CSG) Vice President Meagan Shokar thanked the regents for their continuing support of CSG activities.

Voluntary Support. Vice President May submitted a report for May 31, 2014.

Personnel Actions/Personnel Reports. Provost Pollack spoke to three appointments: Kedra Ishop as Associate Vice President for Enrollment Management, Sarah B. Blair as Vice Provost for Academic and Faculty Affairs, and Deborah Loewenberg Ball as Dean of the School of Education for one additional year. During this extension, she will complete key initiatives currently underway, including development of new programs to improve the climate of diversity and inclusiveness in the school

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

Memorials. Vice President Churchill submitted one memorial statement for Natalia G. Andronova, Ph.D., research scientist, atmospheric, oceanic, and space sciences, and extended condolences to her colleagues and her family.

Degrees. There was no report.

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

Sale of Gifted Real Estate

Vice President Slottow noted the sale of a vacant lot located at 9610 Lost Canyon Drive #683 in Canadian Lakes, Mecosta County, Michigan. Proceeds of the sale will be used to endow the general fund.

President's Residence Fire Suppression System

Vice President Slottow provided an update on the replacement of the President's residence fire suppression system scheduled for completion in the summer of 2014.

Alternative Asset Commitments

Executive Vice President Slottow reported on the University's follow-on investments with previously approved partnerships with a commitment of \$21.0 million to Accel XII, L.P. and Accel Growth Fund III, L.P., a commitment of \$22.0 million to Andreessen Horowitz Fund IV, L.P. and Andreessen Horowitz Parallel Fund IV, L.P., and a commitment of \$30 million to Lone Star Partners IX, L.P.

Alternative Asset Commitments

On a motion by Regent White, seconded by Regent Richner, the regents unanimously approved a commitment of £15 million from the Long Term Portfolio to Primary IV, L.P., and a commitment of \$10 million from the Long Term Portfolio to Mosaic Ventures, L.P.

Information and Technology Services Year 2015 Annual Maintenance Program

On a motion by Regent Newman, seconded by Regent Richner, the regents unanimously approved the Information Technology Services Year 2015 Annual Maintenance Program project as described, and authorized proceeding with projects providing they are within the approved budget.

Sale of Commercial Paper by the University

On a motion by Regent White, seconded by Regent Richner, the regents unanimously authorized the following: the attached Resolution (INSERT RESOLUTION) for the issuance of up to \$180 million of commercial paper supported by a pledge of General Revenues; and the

increase in the commercial paper outstanding up to \$180 million. They also authorized the Executive Vice President and Chief Financial Officer, Associate Vice President for Finance or Treasurer to execute all the documentation for the establishment and issuance of the Series J, extension of Series E, and the rollover of the outstanding J Series I into the proposed Series J program; and to negotiate a liquidity facility, if appropriate.

Department of Intercollegiate Athletics Operations Center

On a motion by Regent White, seconded by Regent Richner, the regents unanimously authorized the Department of Intercollegiate Athletics Operations Center project for bids and awarding construction contracts providing that bids are within the approved budget.

Conflict of Interest Items

President Coleman said the agenda includes nine conflict of interest items, each of which requires six votes for approval.

On a motion by Regent Diggs, seconded by Regent Bernstein, the regents approved the following items, with Regents Bernstein, Darlow, Deitch, Diggs, Newman and White in favor, and Regents Ilitch and Richner abstaining:

Authorization for the University to enter into an agreement with ArborMetrix

The Regents approved an agreement to transact with ArborMetrix (the “Company”), who will provide a summer internship to a current BBA student through the Marcel Garni Internship program.

Because University of Michigan employees Drs. John Birkmeyer and Justin Dimick are owner/director and owner, respectively, 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 Zell Lurie Institute and ArborMetrix.
2. The agreement will provide for the placement of a BBA student with ArborMetrix for a 12-week summer internship. The total internship salary is \$10,800 of which the Zell Lurie Institute will pay one half (\$5,400).
3. The pecuniary interests arise from the fact that University of Michigan employees, Drs. John Birkmeyer and Justin Dimick are owner/director and owner, respectively, of ArborMetrix.

Amendment to Master Agreement between the University of Michigan and Michigan Critical Care Consultants, Inc.

The Regents approved an agreement with Michigan Critical Care Consultants, Inc. (the “Company”) to support research projects at the University.

Because University of Michigan employee Dr. Robert Bartlett is also 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 Michigan Critical Care Consultants, Inc.
2. The University will amend the Agreement with the Company 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 amendment will extend the end date of the Agreement to December 31, 2017 and increase the amount of total funding over the term of the Agreement to an amount not to exceed \$3,000,000. 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 the applicable department(s) and school(s)/college(s) where project will be performed. This Amendment will allow the University and the Company to specify projects that the University will conduct under the terms of the Agreement. Since research projects are often amended, the Agreements will include provisions for changes in time, amount, and scope of each supported project. University procedures for approval of each project will be followed and additional conflict of interest review will be done on a project-by-project basis.
3. The pecuniary interest of Dr. Robert Bartlett, arises from his ownership interest in Michigan Critical Care Consultants, Inc.

On a motion by Regent Diggs, seconded by Regent Bernstein, the regents unanimously approved the following items:

Authorization for the University to transact with Joel L. Cressman

The Regents unanimously approved an agreement with Joel L. Cressman to purchase a piece of his artwork to be installed on the waiting room wall of the administrative wing of East Quad.

Because Joel L. Cressman, University of Michigan employee, is also the owner and artist, 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 Residential College and Joel L. Cressman.
2. The agreement is to purchase a piece of artwork from Joel L. Cressman to be installed on the waiting room wall of the administrative wing of East Quad, for a total cost of \$2,800.
3. The pecuniary interest arises from the fact that University of Michigan employee, Joel L. Cressman, is the owner and artist.

License Agreement between the University of Michigan and Animal Diversity Web, L3C

The Regents unanimously approved an agreement with Animal Diversity Web, L3C (the “Company”) to license from the University of Michigan the University’s rights associated with the following technology: UM OTT File No. 1854, entitled: “Animal Diversity Web.”

Because Professors Philip A. Myers and Tanya A. Dewey, University of Michigan employees, are 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 Animal Diversity Web, L3C.

2. Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay a royalty on sales and annual minimums. The University may receive equity in the Company, along with the right to purchase more equity. 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, 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.
3. The pecuniary interests of Professors Philip A. Myers and Tanya A. Dewey arise from their ownership interest in Animal Diversity Web, L3C.

Option Agreement between the University of Michigan and Arbor Semiconductor Corporation

The Regents unanimously approved an agreement with Arbor Semiconductor Corporation (the “Company”) to obtain an option to license from the University of Michigan the University’s rights associated with the following technologies:

UM OTT File No. 5256, entitled: “Multi-Bit Memory Read Method.”

UM OTT File No. 5408, entitled: “Adaptive Method of Reading and Writing to a Memory Array.”

UM OTT File No. 5931, entitled: “Memristor Crossbar Memory for Hybrid Ultra-Low Power Hearing Aid Speech Processor.”

UM OTT File No. 5937, entitled: “Novel Robust 13T SRAM Cell for Improving Write Margin in Ultra-Low Power Applications.”

UM OTT File No. 6054, entitled: “9T and 11T SRAM Cells with Improved WriteNoise Margin.”

Because Professor Pinaki Mazumder, University of Michigan employee, is also 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 Arbor Semiconductor Corporation.

2. Agreement terms include granting the Company an option to further evaluate the subject technology and, upon meeting specific milestones, the ability to negotiate an exclusive license with the right to grant sublicenses. The Company will pay an option fee to the University. The University will retain ownership of the optioned technology and may continue to further develop it and use it internally as well as in collaborations with other research institutions. 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.
3. The pecuniary interest of Dr. Pinaki Mazumder arises from his ownership interest in Arbor Semiconductor Corporation.

License Agreement between the University of Michigan and Court Innovations, Inc.

The Regents unanimously approved an agreement with Court Innovations, Inc. (the “Company”) to license from the University of Michigan the University’s rights associated with the following technology: UM OTT File No. 5327, entitled: “A System and Method for Resolving Arrest Warrants.”

Because Professor James J. Prescott, University of Michigan employee, is also a member of the board of directors and 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 Court Innovations, Inc.
2. Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay a royalty on sales and reimburse patent costs. The University may receive equity in the Company, along with the right to purchase more equity. 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, 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.

3. The pecuniary interest of Dr. James J. Prescott arises from his ownership interest in Court Innovations, Inc.

Option Agreement between the University of Michigan and Genomenon, Inc.

The Regents unanimously approved an agreement with Genomenon, Inc. (the “Company”) to obtain an option from the University of Michigan the University’s rights associated with the following technology: UM OTT File No. 5882, entitled: “Genomic Variant Analysis Tool.”

Because Drs. Kojo Elenitoba-Johnson, Megan Lim, and Mark J. Kiel, University of Michigan employees, are 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 Genomenon, Inc.
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.
3. The pecuniary interests of Drs. Elenitoba-Johnson, Lim, and Kiel arise from their ownership interest in Genomenon, Inc.

Patent Option Agreement between the University of Michigan and Invenshure, LLC

The Regents unanimously approved an agreement with Invenshure, LLC (the “Company”) to obtain an option from the University of Michigan to the University’s rights

associated with the following technology: UM OTT File No. 5930, entitled: “Bub1: A Novel Target for Inhibition of TGFbeta Signaling.”

Because Drs. Brian Ross and Alnawaz Rehemtulla, University of Michigan employees, are 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 Invenshure, LLC.
2. Agreement terms include granting the Company an exclusive option to the technology. The Company will reimburse ongoing patent costs, perform technical diligence, and provide a business plan that describes the Company’s intention and ability to develop and commercialize the licensed technology. Terms of the subsequent license agreement would include a royalty on sales and reimbursement of 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, 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.
3. The pecuniary interests of Drs. Brian Ross and Alnawaz Rehemtulla arise from their ownership interest in Invenshure, LLC.

Research Agreement between the University of Michigan and Michigan Association of Occupational Health Nurses

The Regents unanimously approved an agreement with Michigan Association of Occupational Health Nurses (the “Company”) to fund a project entitled “Employee Health and Blood Pressure Outcomes by Job Family” (ORSP #14-PAF06237), in the School of Nursing.

Because Christine Pionk, University of Michigan employee, is also the Treasurer on the Board of Directors 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 Michigan Association of Occupational Health Nurses.
2. The terms of the Agreement conform to University policy. The period of performance is approximately one (1) year. The amount of funding support will not to exceed \$800. Since research projects are often amended, these agreements include provisions for changes in time, amount, and scope of each supported project. 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 Christine Pionk, arises from her role as Treasurer on the Board of Directors of the Michigan Association of Occupational Health Nurses.

Henry Russel Awards for 2015

President Coleman announced the following individuals for the Henry Russel Awards for 2015. This award is one of the highest honors the University bestows upon junior faculty members. The faculty members selected to receive this award are: Henriette Dina-Elvang, Associate Professor of Physics, College of Literature, Science and the Arts; Kristin P. Kuster, Assistant professor of music, School of Music, Theatre and Dance; SangHyun Lee, assistant professor of civil and environmental engineering, College of Engineering; and Brian J. Zikmund-Fisher, assistant professor of health behavior and health education, School of Public Health and research assistant professor, Internal Medicine, Medical School.

Henry Russel Lecturer for 2015

President Coleman said that the highest honor that the university bestows upon a senior member of its faculty is the Henry Russel Lecturer. For 2015, the award goes to Homer A. Neal, Interim President Emeritus, Vice President Emeritus for Research, Director of the University of Michigan's Project Atlas, Samuel A. Goudsmit Distinguished University Professor Physics and professor of physics, College of Literature, Science and the Arts.

Approval of Revised University of Michigan-Dearborn Bylaws, Articles III through V

On a motion by Regent Bernstein, seconded by Regent Newman, the regents unanimously approved the revised University of Michigan-Dearborn Bylaws, Articles III through V.

Michigan Health Corporation (MHC) Annual Business Plan

On a motion by Regent Diggs, seconded by Regent Newman, the regents unanimously approved the Michigan Health Corporation (MHC) Annual Business Plan

Public Comments

Regents heard comments from the following individuals on the topics listed: Knute Nadelhoffer, faculty, on oil and coal divestment; Neil G. Wolf, Alumnus, on University of Michigan Policy Debate Team; Morgan Byrd, student, on the new organ faculty recommendation; Laura Hobbs, student, on divestment from fossil fuels; and Aaron Schaer, student, on our divestment proposal, developments, steps forward.

Adjournment

There being no further business, the meeting was adjourned at 5:40 p.m. The next meeting will take place on July 17, 2014.