

JUNE MEETING, 2015

Approved by the
Regents
July 16, 2015

*The University of Michigan
Ann Arbor
June 18, 2015*

The regents met at 3:10 p.m. in the Anderson Room, Michigan Union. Present were President Schlissel and Regents Behm, Bernstein, Deitch, Diggs, Newman, Richner and White. Also present were Chancellor Borrego, Vice President and Secretary Churchill, Vice President Harper, Executive Vice President Hegarty, Interim Vice President Hu, Chancellor Little, Vice President Lynch, Vice President May, Provost Pollack, Vice President Rudgers, Executive Vice President Runge, and Vice President Wilbanks. Regent Ilitch was absent.

Call to Order and President's Opening Remarks

President Schlissel began by congratulating the faculty members selected for the Henry Russel Lectureship and the Henry Russel Awards, included on the agenda, who stand out among their peers in scholarly research or creative activity and in teaching. The Henry Russel Lecturer for 2016 is David E. Meyer, a Distinguished University Professor of Mathematical and Cognitive Psychology, and professor of psychology. The 2016 Henry Russel Award honorees are: Julia Adler-Milstein, assistant professor of information and assistant professor of health management and policy; Jeremy N. Bassis, assistant professor of atmospheric, oceanic and space sciences, and assistant professor of earth and environmental sciences; Clare H. Croft, assistant professor of music; and Christopher R. Friese, assistant professor of nursing and assistant research scientist. President Schlissel thanked the honorees for their dedication and the Russel Awards Faculty Advisory Committee for their work in selecting outstanding recipients.

President Schlissel congratulated the UM Softball Team student-athletes, Coach Carol Hutchins who is the most winning coach in Michigan history, and her staff. The Wolverines

finished their season as the national runner up and brought a great deal of excitement to the campus during their run.

He said that he experienced one of the joys of summer life in Ann Arbor by attending the Ann Arbor Summer Festival. He also recently attended the Livingston Awards in New York, which recognize young journalists. He complimented UM's journalistic "ecosystem" which encompasses the Knight-Wallace fellowships, the news team at Michigan Radio, student journalists at the Michigan Daily and the Michigan Review.

President Schlissel said that the agenda includes budget presentations from all three campuses, the health system, housing and athletics. He thanked everyone for their work to maintain the financial strength of the university, while keeping the net cost down for students. He also thanked Governor Snyder and the legislature for the modest increase in state support.

He said that the June meeting is traditionally the time to select a new chair and vice chair of the Board. He thanked Chair Kathy White and Vice Chair Shauna Ryder-Diggs for their conscientious work. He said, "Being chair of the board during a presidential transition only adds to the considerable duties, and Regent White has been invaluable. I especially appreciate her wisdom and guidance – and her willingness to share those qualities with me even before I began." He then turned the meeting over to Regent White.

Regent White thanked the regents for their support and their participation in the inauguration of President Schlissel and Chancellor Borrego. She thanked Vice Chair Regent Diggs for her leadership, and Regents Richner and Bernstein for chairing committees. She said that it was a wonderful experience working with this new President and said, "It's been a very special year for me." Regent White continued and 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.” She moved the nomination of Regent Shauna Ryder Diggs as chair, and Regent Mark Bernstein as vice chair of the Board of Regents, effective July 1, 2015 through June 30, 2016. Regent Newman seconded the motion, and it carried unanimously. Regent Bernstein thanked Regent White for her outstanding service as chair.

President Schlissel called on Executive Vice President Hegarty for a presentation on the financial health of the university.

Executive Vice President Hegarty said that his report was designed to provide context for the budget votes on the agenda. He said the budget is created with integrity, seriousness and vigor to protect the assets of the university. Control and risk are emphasized, and the audit reports indicated that the university is functioning well. He noted the strong balance sheet and the highest bond rating available which reduces interest costs. Management of endowment funds allows the university to continue recruitment of the best students and faculty. He commented on facilities and renewal of the physical plant, comprehensive financial liability, the diversity of revenue streams, productivity and efficiency, and the continued commitment to increased sustainability.

President Schlissel turned to the supplement agenda for budget presentations and Provost Pollack began with the Ann Arbor FY 2015-2016 General Fund Operating Budget, Student Tuition and Fee Rates.

Provost Pollack spoke of academic excellence, affordability, and financial discipline as the cornerstones of the budget. She described major faculty awards as an indication of excellence, and then focused on strategic academic investments, and an ongoing focus on the student experience through expanded student services, programs that emphasize diversity, and

other efforts such as classroom renovation. The proposed budget includes an increase in funding for financial need for both in-state and out-of-state students. The budget recommendation includes an increase of a 2.7% for in-state undergraduate tuition, 3.7% for out-of-state tuition, and 2.7% for graduate tuition across the board, along with a limited number of differential increases for some graduate programs.

Vice President Harper commented on the 2015-16 University Housing Residence Hall and Northwood Community Apartment Rates. She said the Residence Life Initiative has been a priority that greatly improved student housing. Housing has reduced operating expenses, and is requesting an increase of 3%, of which 2% is for continued renovation and construction, and 1% is to support operations. The recommended Northwood Community Apartments rate increase is 1%.

She said there was no recommended increase for the 2015-2016 Fee Assessments for Central Student Government, Student Legal Services, and School/College Governments. The recommended 2015-2016 University Health Service Fee is an increase of 2.7%, to \$181.43 and is for improved services including those for alcohol use and mental health. Vice President Harper also noted that the Central Student Government Financial Report was included in the meeting materials.

There was a motion by Regent White, seconded by Regent Diggs, to approve the Arbor FY 2015-2016 General Fund Operating Budget, Student Tuition and Fee Rates. Discussion followed.

Regent Newman said she appreciated the time spent on this budget. She said, "Some parents are able to provide their children with the financial resources necessary to pay tuition, room, board, fees and books. For others higher education is out of the questions without loans,

grants, and other forms of aid. Increases to the cost of college continue to outpace gains in family income. The state and federal governments spend a lot of money on higher education, but can't keep up with the rising tuition costs. We make these decisions on tuition, not the state and not the federal government. We are privileged to make that decision for ourselves, and are responsible for making it. Continuing to push for more federal and state spending isn't the answer though, it's just a shrinking subsidy to an ever-growing budget. I've seen that during my time on the board. We need to lead on this; we need to fix this problem or we are going to price the middle class out of higher education, or burden them with so much debt that they won't be able to dig themselves out. The University of Michigan is doing a good job, but we need to do better. I've said it before, and I'll say it again, whether it's an endowment for the general fund, cost cutting or changing the model for higher education, we need to look at everything and we need to do a better job."

Regent Bernstein said, "We typically talk about the budget in the context of various tensions: affordability, excellence, recruiting and retaining world renowned faculty, supporting the research enterprise, promoting extraordinary patient care, and academic excellence. They are all appropriate ways to frame this conversation. I want to approach this in another way, and use language that is more personal and relevant to this, from a fairness and social justice perspective, which for me are the motivating principals for my public service, and the reason why I'm on this board. I also want to stop being defensive about tuition, and start being far more proactive individually, and perhaps as a university, about the need for these prudent, modest, reasonable budgets. We hear a lot about how much college costs and public concern about this is obvious and understandable. I drove a bus around the state and said 'make college affordable.' I appreciate the resonance that message has. But what gets lost in the conversation is that this

focus on tuition is largely superficial because it is ‘net tuition’ that really matters. It’s what students and their families actually pay that is and should be our focus. Making college affordable is about making college affordable for students who need the most help. Lower income middle class students desperately need this help. Let me be blunt. Wealthier families don’t. The vast majority of this money raised by this modest tuition increase will go to increase need based financial aid, exactly where it should go, almost \$11 million in financial aid. Average net tuition at this university is down a little over \$1,000 over the last five years. The average net price for students from Michigan families earning up to \$110,000 is lower at this university than at Michigan State University, Western Michigan University, and Grand Valley State University. To vote against this budget would be easy; it would be satisfying in a misguided, populist way. It would be well intentioned because it sounds fiscally responsible, but it would betray my commitment to fairness and social justice. It would deprive lower and middle class students the financial aid they must have, and it would leave unaddressed a regressive burden on these students who pay much larger percentage of their income than others. For me, protecting the promise of public universities means keeping the doors to this great university and all of its treasures open for these students. We can’t do that without financial aid, and we can’t raise financial aid without this type of budget. The bigger issue for me is that, right now, to put it bluntly, rich families get a great deal here. Maybe the best deal in American higher education. They want that, I don’t blame them, but they don’t need that. Middle class families are the ones getting stuck with the bill. We need to make progress toward each student paying what they can and here is the value statement that may reveal my politics. They should to attend this university. This budget helps us do that.”

Regent White associated herself with Regent Bernstein’s comments.

Regent Deitch associated himself with Regent Bernstein's comments, and said, "Regent Newman made a very good point as well, about the middle class, and how we define middle class, and what the burden of debt is for students. We start with the premise of 'an uncommon education for the common man.' What I have been seeing over the years is, as Regent Bernstein said, this is a great bargain for those of us who are fortunate enough to be affluent. It's also available for talented young people of very limited means through our financial aid contribution, but there are whole bunches of people who don't qualify, and if you have a two-income family and you have four kids, even paying in-state tuition and room and board is a big burden. I'm not here to demagoguery that and vote against it, because costs go up and we do a good job in cost savings. We are lucky compared to some of our peers because of our historical excellence, our attractiveness to strong students of means from around the world, our early and successful entry into philanthropy. We were the first of the public universities to really make a point to create that 'third pocket' of support, and we are lucky that we have people who love Michigan and have financial means. These things give us a certain power at this table, but what I'm suggesting is that we have to keep challenging ourselves. Are there ideas for new revenue sources? We have to keep challenging ourselves and look for creative ideas." He referenced a column by Tom Friedman in *The New York Times*, who wrote about creating something similar to a 401k plan to pay student debt with pre-tax dollars. He said, "we should never be complacent and take our responsibilities seriously and challenge ourselves to the best that we can. This budget does it, but I didn't want to vote for it without challenging ourselves to do better."

Regent Behm also associated himself with the remarks made by Regent Bernstein and Regent Newman. He said that he would be voting in favor of the budget. He said, "The accessibility piece comes to mind, but it is the people in the middle, not the incredible high

achieving low income student who gets a full ride, and not the wealthy student that has never had to worry about college tuition. It's not only the student; it's the family of the student. I would like to explore, as we talk about the endowment, that there is the sticker price, and what happens the real price, and if you need to borrow money to attend school. When you look at the interest rates today, if you are going to get a private loan to attend school, I would like us to look into loaning an extremely low interest loan to our students. We believe in the product we produce, our students, and wonder what would be better than to give them a low interest loan."

Regents Richner said he is a parent of a junior and he shares the concerns expressed by Regent Newman. He said, "Kevin Hegarty, you've hit the ground running, and put together a budget with Provost Pollack that is evidence of a real commitment to do more with less. Provost Pollack, I appreciate your responsiveness in looking for ways to make it more affordable, particularly for middle-income parents. I do think this budget does that. We have a multi-year plan that gets even better in terms of devoting more resources to the groups that need help. I also want to talk about academic quality, as it has always been a priority for me. We do have new initiatives and are reducing class sizes, and these are fundamentally important, so I thank you for finding the resources to do that. I'm going to support the budget."

The motion carried, with Regents Behm, Bernstein, Deitch, Diggs, Richner and White in favor and Regent Newman opposed.

On a motion by Regent White, seconded by Regent Behm, the regents unanimously approved the 2015-2016 University Housing Residence Hall and Northwood Community Apartments Rates.

On a motion by Regent Deitch, seconded by Regent Behm, the regents unanimously approved the 2015-2016 Fee Assessments for Central Student Government, Student Legal Services, and School/College Governments.

On a motion by Regent White, seconded by Regent Behm, the regents approved the 2015-2016 University Health Service Fee, with Regents Behm, Bernstein, Deitch, Diggs, and White in favor and Regents Richner and Newman opposed.

Chancellor Borrego said that the Flint Campus FY 2015-2016 General Fund Operating Budget, Student Tuition and Fee Rates include a recommended increase of 3.2%, 13.1% of which will go to financial aid. She recommended an increase in the 2015-2016 University of Michigan-Flint Residence Hall Rates of 3.4%, and said the UM-Flint housing is still the least expensive residence hall rate in Michigan.

On a motion by Regent Behm, seconded by Regent White, the regents approved the Flint Campus FY 2015-2016 General Fund Operating Budget, Student Tuition and Fee Rates

Regent Deitch complimented both of the Chancellors, saying that the Flint and Dearborn campuses don't have the full compliment of resources that Ann Arbor has, but nonetheless provide a great education for their students at a reasonable price. He said he supports these budgets with more enthusiasm due to the value that students receive at Flint and Dearborn.

Richner associated himself with Regent Deitch's comments.

Regent Diggs said, "I view the Flint Campus as a place where we can really make some investments and help not only our university, but also the community. That's what you are doing there and I'm really impressed with the work you have done already, Chancellor Borrego, and I'm looking forward to the future."

On a motion by Regent Richner, seconded by Regent Newman, the regents unanimously approved the 2015-2016 University of Michigan-Flint Residence Hall Rates.

Newman said, “This was an experiment, having housing at Flint, and when we did it we were not sure it would work, and it’s been incredibly successful.” She said she looks for more opportunities to build community in Flint and in Dearborn.

Chancellor Little thanked the regents for their support, and presented the budget recommendation for the Dearborn Campus FY 2015-2016 General Fund Operating Budget, Student Tuition and Fee Rates. Central budget priorities include financial aid, cost containment and efficiencies and also new and advanced programs in health and business. The recommended tuition increase is 3.2% for resident undergraduate students, and 1.6% non-resident undergraduate students. Dearborn remains very competitive, appealing and affordable.

On a motion by Regent Deitch, seconded by Regent Behm, the regents unanimously approved the Dearborn Campus FY 2015-2016 General Fund Operating Budget, Student Tuition and Fee Rates.

Acting Executive Director University Hospitals and Chief Operating Office of UM Hospitals and Health Centers, Tony Denton, presented the University of Michigan Hospitals and Health Centers (UMHHC) Budget. He thanked the regents for their thoughtful discussion and support. He said that the UMHHC staff makes the difference in their focus on being the provider, employer, and educator of choice. He noted strong growth, a strong operating margin, and improved and increased access and capacity. He spoke of the awards and recognition, and the investment and teamwork.

On a motion by Regent White, seconded by Regent Newman, the regents unanimously approved the University of Michigan Hospitals and Health Centers (UMHHC) FY 2016 Operating Budget.

Interim Athletic Director Jim Hackett presented the FY 2016 University of Michigan Athletic Department Operating Budget. He presented a balanced budget for the coming year, and said that this year there is a deficit of \$7.9 million, due to declining ticket sales and other expenses, which will be covered with operating reserves. Revenue for this year is positive, with season ticket sales at an eight-year high. Ticket packets went on sale and over 18,000 tickets sold in one day. On the expense side, there were higher salary costs. There is a mandated 'cost of attendance stipend' for student scholarships. Team and game expenses are up because the Big Ten is bigger. There is also a contribution of \$5 million to deferred maintenance. He noted several projects on the horizon: South Campus, the golf course project, and a new icing system for Yost.

President Schlissel thanked him for stepping up and turning the Athletics Department around and for serving in a difficult situation.

Regent Newman said, "Thank you for interrupting your life and doing this."

On a motion by Regent White, seconded by Regent Richner, the regents approved the Revenue and Expenditure Operating Budgets for FY2015-2016 with Regents Behm, Bernstein, Deitch, Diggs, Richner and White voting yes; Regent Newman voting no.

Public Comments

The regents heard comments from Doug Smith, citizen, on the litigation report.

Committee Reports

Finance, Audit and Investment Committee. Regent Bernstein, chair of the Finance, Audit and Investment Committee, said that he and committee members Regents Behm and White met with Jeff Moelich, executive director of university audits, Kevin Hegarty, executive vice president and chief financial officer, and Nancy Hobbs, interim associate vice president for finance, and reviewed the University's Risk Assessment, the FY16 Audit Plan, and the President's Travel and Hosting Expenses for 2014.

Health Affairs Committee. Regent Diggs reported that she and committee member Regents Deitch met Steve Kunkel, senior associate dean for research, and Teri Grieb, senior director for research at the Medical School, for an overview of the Clinical Trials Initiative focused on specific strategies to transform clinical trials at the health system. The committee received an update from Jeff Desmond, chief medical officer, and Marge Calarco, chief nursing officer, on the Health System safety efforts. Paul Castillo, chief financial officer, presented the May UMHS financial results. The committee reviewed a fact sheet on research, educational and clinical highlights from across the health system, and they received a Physician's Brief focused on Ophthalmology and the development of the bionic eye and the personalized care planning for patients with Graves' eye disease. Tony Denton, acting CEO for hospitals and health centers, provided a summary of the May executive board meeting along with several updates.

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 and received an update on dean searches currently underway. Dean Andrew Martin gave an in-depth presentation on the College of Literature, Science and the Arts, including a discussion about graduate and undergraduate programs,

ranking, diversity, employment data and budget. His presentation included information on faculty honors, research expenditures and the progress made on the LSA Victors for Michigan campaign.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meeting of May 21, 2015.

Reports. Executive Vice President Hegarty submitted the Investment Report as of May 31, 2015, the Plant Extension Report and the 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, 2015. He said that awards received has passed the \$1 billion mark, and also noted a significant award from the Department of Transportation in the amount of \$8.99 million to extend the pilot program for safety and connected vehicles.

University of Michigan Health System. Executive Vice President Runge had no report.

Student Life. Vice President Harper observed that the important business university is overshadowed a national tragedy. She said, “The focus for me today is the murders that happened in South Carolina committed by a 21 year old. It was a reminder for me of how focused and diligent we must be in our work with our students on issues of mental health, and around issues of identity.”

University of Michigan-Dearborn. Chancellor Little said that a student team from the UM-Dearborn College of Engineering and Computer Science finished in eighth place in the Formula SAE Michigan Competition in May, with 100 teams participating. He also shared a business outreach activity, Advancing Business Skills Workshop, a mini-series of intensive

daylong seminars aimed at mid-career executives to enhance their leadership and strategic planning skills.

University of Michigan-Flint. Chancellor Borrego thanked the Regents for their support of UM-Flint. She noted recent work on financial aid to enroll the top graduates from the most underserved schools in Flint, offering them all a full-ride scholarship. All five accepted the offer. She said, “The families were stunned and it was a great story.” She also said that work began to paint the Pavilion, and other than the inauguration, nothing has received more media attention. It looks beautiful.” She also thanked Regent White for her service as chair, and who helped make it possible for her to join the UM-team.

Central Student Government Report. Central Student Government (CSG) President Cooper Charlton provided an overview of the successes of the past year. He thanked the regents for approving funding allocations that support diverse opportunities for student groups. The current summer funding budget is \$30,000 and to date, \$45,000 has been requested. He spoke of areas that need improvement, including busing transportation for all students, especially those on North Campus. Priorities for the coming year include continued work on sexual assault prevention and the Wolverine Support Network, which will continue to host groups of student every Wednesday during the summer in support of mental health issues.

Voluntary Support. Vice President May had no report.

Personnel Actions/Personnel Reports. Provost Pollack presented a supplemental appointment for David A. Lam, recommended for director, Institute for Social Research, and professor of economics, with tenure, College of Literature, Science, and the Arts, effective July 1, 2015 through June 30, 2020. David is a long time faculty member and is one of the world’s leading scholars in economic demography.

Retirement Memoirs. Vice President Churchill submitted faculty retirement memoirs.

Memorials. Vice President Churchill said there were no memorial statements this month.

Approval of Consent Agenda. On a motion by Regent White, seconded by Regent Bernstein, the regents unanimously approved the consent agenda including the supplemental personnel item.

Report of University Internal Audits

Executive Vice President Hegarty reported of activities completed by the Office of University Audits from March 1 through April 30, 2015.

Alternative Asset Commitments

Executive Vice President Hegarty reported on the University's follow-on investments with previously approved partnerships with a commitment of \$6.5 million to Sequoia Capital China Venture Fund V, L.P., Sequoia Capital China Growth Fund III, L.P., and Sequoia Capital India IV, L.P.; \$50 million to Kuramo Africa Opportunity Fund II, L.P. and Kuramo Africa Opportunity Co-Investment Vehicle II, L.P.; and \$10 million to Acosta Verde.

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

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 Alertwatch, Inc. (the "Company"). The space will be utilized as office and lab space for research and business operations. 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) Alertwatch, Inc.
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 for an additional year in the program. The one-year lease duration including all options for renewal is 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) \$1,300. 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 Alertwatch: 1) James Bagian and Kevin Tremper.

Authorization for the University to transact with Shop Floor Theatre Company (SFTC)

The Regents unanimously approved an agreement with Shop Floor Theatre Company (the "Company"), for the production of film documentary and training videos.

Because University of Michigan employee, Kendrick Jones, is the director 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. The parties to the contract are the Regents of the University of Michigan and its Flint International Center and SFTC Nonprofit.
2. The agreement is for the production of film documentary and training videos at a total cost of \$4,800.
3. The pecuniary interest arises from the fact that University of Michigan employee, Kendrick Jones, is the director of SFTC Nonprofit.

Authorization for the University to Transact with Movellus Circuits, Incorporated

The Regents unanimously approved an agreement with Movellus Circuits, Incorporated (the “Company”) for 2015 summer intern support.

Because University of Michigan employee, Muhammad Faisal, director 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. The parties to the contract are the Regents of the University of Michigan and its Business Engagement Center and Movellus Circuits, Inc.
2. The agreement is for 2015 summer intern support at a total cost of \$3,500.
3. The pecuniary interest arises from the fact that University of Michigan employee, Muhammad Faisal, is director of Movellus Circuits, Inc.

Option Agreement between the University of Michigan and Alluvium Biosciences, Inc.

The Regents unanimously approved an agreement with Alluvium Biosciences, Inc. (the “Company”) to option from the University of Michigan the University’s rights associated with the following biological materials: 1) Extracts of natural products produced by marine microbes harvested from the Caribbean Sea and North Pacific Ocean under an agreement with the government of Costa Rica; and 2) Broad spectrum antibiotics known as baulamycins that were derived from marine microbes as described in OTT invention file #5989, “Structural Class of Broad Spectrum Antibiotics Derived from a Marine Microbial Natural Product.”

Because University of Michigan employees, David H. Sherman and Jeffrey Kittendorf, are 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 Alluvium Biosciences, Inc.
2. Agreement terms include granting the Company a non-exclusive option to evaluate the biological materials. The Company will reimburse any 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 biological materials and may continue to further develop and use them 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. Sherman and Kittendorf arise from their ownership interest in Alluvium Biosciences, Inc.

Research Agreement between the University of Michigan and Food Allergy Research & Education Inc.

The Regents unanimously approved a license agreement with Food Allergy Research & Education Inc., (the "Company") to fund a project entitled "Modulation of food allergy responses with nanoemulsion-based allergy vaccines" (ORSP# 15-PAF03099) in the MI Nanotechnology Institute.

Because University of Michigan employee, Professor James R. Baker, Jr., is 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 Food Allergy Research & Education Inc.

2. The terms of the Agreement conform to University policy. The period of performance for the project is approximately two (2) years. The amount of funding support will not exceed \$150,000. Since research projects are often amended, this agreement includes a provision 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 Dr. James R. Baker, Jr., arises from his ownership interest in Food Allergy Research & Education Inc.

Research Agreement between the University of Michigan and Food Allergy Research & Education Inc.

The Regents unanimously approved a license agreement with Food Allergy Research & Education Inc., (the “Company”) to fund a project entitled “FARE Clinical Network Membership” (ORSP# 15-PAF07386) in the Department of Internal Medicine.

Because University of Michigan employee, Professor James R. Baker, Jr., is 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 Food Allergy Research & Education Inc.
2. The terms of the Agreement conform to University policy. The period of performance for the project is approximately twelve (12) months. The amount of funding support will not exceed \$70,000. Since research projects are often amended, this agreement includes a provision 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 Dr. James R. Baker, Jr., arises from his ownership interest in Food Allergy Research & Education Inc.

Amendment to Master Agreement between the University of Michigan and HistoSonics, Inc.

The Regents unanimously approved an amendment to an agreement with HistoSonics, Inc. (the “Company”) to continue supporting research projects at the University and to use

facilities of the University for projects related to research and development of medical technologies.

Because University of Michigan employees Professors Charles Cain, Jeffrey Brian Fowlkes, William Roberts, Zhen Xu, and Dr. Timothy Hall are 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 HistoSonics, Inc.
2. The University will amend the active 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 June 30, 2020, a period of performance extension of an additional five (5) years. The amount of funding will be increased to an amount not to exceed \$5,000,000. The University will use standard sponsored project accounting procedures to determine the cost of each project under this Agreement. Budgets will be reviewed and approved by authorized representatives of the applicable department(s) and school(s)/college(s) where projects will be performed. The Agreement will allow the University and the Company to specify projects that the University will conduct under the terms of the Agreement. Since sponsored projects are often amended, the Agreement will include provisions for changes in the 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 Professors Charles Cain, Jeffrey Brian Fowlkes, William Roberts, Zhen Xu, and Dr. Timothy Hall arise from their ownership interest in HistoSonics, Inc.

Option Agreement between the University of Michigan and HygraTek LLC

The Regents unanimously approved an agreement with HygraTek LLC (the “Company”), to option from the University of Michigan the University’s rights associated with the following technology: UM OTT File No. 5985, entitled: “Apparatus and Method for Mobile Refining of Fuel Products.”

Because University of Michigan employee, Professor Anish Tuteja, is 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 HygraTek LLC
2. Agreement terms include granting the Company an option for an exclusive license with the right to grant sublicenses. The Company will evaluate the technology 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 interest interests of Dr. Tuteja arise from his ownership interest in HygraTek LLC.

License Agreement between the University of Michigan and Kalyspo, LLC

The Regents unanimously approved an agreement with Kalyspo, LLC (the “Company”) to license from the University of Michigan the University’s rights associated with the following technology: UM OTT File No. 4914, entitled: “Microfabricated Surgical Instrument Tag and Detection Methods. ”

Because Professor Nikolaos Chronis is both an employee of the University of Michigan and 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 Kalyspo, LLC.
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 interests of Professor Chronis arise from his ownership interest in Kalyspo, LLC.

Option Agreement between the University of Michigan and Neurable, LLC

The Regents unanimously approved an agreement with Neurable, LLC (the “Company”), to option from the University of Michigan the University’s rights associated with the following technology: UM OTT File No. 6101, entitled: “A Direct Selection Brain-Computer Interface for Multiple Choice Testing.”

Because Ramses Alcaide is both an employee of the University of Michigan and 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 Neurable, LLC.
2. Agreement terms include granting the Company an exclusive option agreement with exclusive rights to evaluate the market potential of the technology. 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 Ramses Alcaide arise from his ownership interest in Neurable, LLC.

Research Agreement between the University of Michigan and ONL Therapeutics, LLC

The Regents unanimously approved an agreement with ONL Therapeutics, LLC (the “Company”), to fund a project entitled: “Service agreement between ONL Therapeutics and the University of Michigan for testing of ONL compounds in retinal cell apoptosis models” (ORSP #15-PAF07281) in the Department of Ophthalmology and Visual Sciences.

Because University of Michigan employees, Drs. David Zacks, Anna Schwendeman, and Tom Kerppola, are 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 ONL Therapeutics, LLC.
2. The terms of the Agreement conform to University policy. The period of performance for the project is approximately six months. The amount of funding support will not exceed \$82,419. Since research projects are often amended, this agreement includes a provision 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 interests of Drs. David Zacks, Anna Schwendeman, and Tom Kerppola, arise from their ownership interest in ONL Therapeutics, LLC.

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

The Regents unanimously approved an agreement with ParaBricks, Inc. (the “Company”), to license from the University of Michigan the University’s rights associated with the following technologies: UM OTT File No. 6360, entitled: “Transparent Single Kernel Execution Across Multiple Devices;” and UM OTT File No. 6375, entitled: “The Illusion of a Large Memory Space for GPUs.”

Because Professor Scott Mahlke, Dr. Ankit Sethia, and Dr. Mehrzad Samadiarakhshbahr, are employees of the University of Michigan and 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 ParaBricks, 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 interests of Drs. Mahlke, Sethia, and Samadiarakhsbahar arise from their ownership interest in ParaBricks, Inc.

License Agreement between the University of Michigan and Praktio LLC

The Regents unanimously approved an agreement with Praktio LLC (the “Company”), to license from the University of Michigan the University’s rights associated with the following technology: UM OTT File No. 6678, entitled: “Digital Education Tools for Practical Contracts Skills and Knowledge.”

Because Professor Michael Bloom is both an employee of the University of Michigan and 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 Praktio LLC.
2. Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay a royalty on sales, milestone payments 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 interests of Dr. Bloom arise from his ownership interest in Praktio LLC.

Henry Russel Lecturer and Henry Russel Awards

President Schlissel again congratulated the award recipients.

Public Comment

There were no comments from the public.

Adjournment

There being no further business, the meeting was adjourned at 4:53 p.m. The next meeting will take place on July 16, 2015.