

## **JUNE MEETING, 2016**

*The University of Michigan  
Ann Arbor  
June 16, 2016*

The regents met at 3:06 p.m. in the Anderson Room, Michigan Union. Present were President Schlissel and Regents Behm, Bernstein, Deitch, Ilitch, Newman, Richner and Ryder Diggs. Also present were Chancellor Borrego, Vice President Churchill, Vice President Harper, Executive Vice President Hegarty, 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 White participated by conference call.

### **Call to Order and President's Opening Remarks**

President Schlissel said, "I want to begin by expressing my deepest sympathies for those affected by the horrific tragedy in Orlando. The loss of so many innocent lives is heartbreaking. In the days since the attack, our community has come together to mourn and support one another. It was very moving to see a packed house Tuesday evening at Hill Auditorium for Requiem for Orlando, a powerful community concert organized by a graduate student and an alumnus of our School of Music, Theatre & Dance. Our Spectrum Center reached out to the UM community to offer assistance, including setting up drop-in sessions to give and receive support. The Spectrum Center works to create a positive campus environment at UM, focusing on sexual orientation, gender identity and gender expression. When lives are so horrifically taken by terrorism and hate, we all suffer as such attacks are an affront to all of humanity. Now, we again face a test of our ability to unite, as a nation and as a community. I hope we

can respect each other and understand that deadly attacks and their aftermath affect each of us. We must fully and clearly reject all forms of discrimination, hatred, and violence, and we must remember that our differences are precious – that those of all religions, ethnicities, beliefs, sexual orientations and gender identities make us a complete community. I thank everyone in the UM family who has reached out in the name of peace and love since the attack.”

President Schlissel turned to the agenda and acknowledged the faculty members who have been selected for the Henry Russel Lectureship and the Henry Russel Awards. The selected faculty members stand out amongst their peers in scholarly research or creative activity and in teaching. The Henry Russel Lecturer for 2017 is Linda K. Gregerson, Caroline Walker Bynum Distinguished University Professor of English and professor of English language and literature. The 2017 Henry Russel Award honorees are: Robin A. Beck, associate professor of Anthropology and associate curator in the Museum of Anthropological Archaeology; Ashley N. Gearhardt, assistant professor of psychology; Tung-Hui Hu, assistant professor of English language and literature; and Sarah Veatch, assistant professor of biophysics and assistant professor of physics. He thanked the honorees for their dedication and the Russel Awards Faculty Advisory Committee for their work.

President Schlissel announced that UM has been ranked as the nation’s top disability friendly university in the College Choice 2016 rankings, an independent online publication that helps students decide where to attend college. The rankings take into account programming and support services for students with disabilities and

physical needs. The UM Services for Students with Disabilities Office serves nearly six percent of all students at UM and Director Stuart Segal called the ranking an important measure of success and progress.

He said that he and Provost Pollack are pleased to submit a supplemental recommendation to appoint Roger Cone as the Mary Sue Coleman Director of the Life Sciences Institute. Dr. Cone is chairman of the Department of Molecular Physiology and Biophysics and the Joe C. Davis Chair in Biomedical Science at the Vanderbilt University School of Medicine. The Life Sciences Institute is crucial to the University's biomedical discovery, education and impact, and this position will advance efforts to achieve greater impact in life science research.

President Schlissel said that he is proud to bring forward a recommendation to establish the Forbes Institute for Cancer Discovery within the UM Comprehensive Cancer Center. He said, "The proposed institute is made possible by a generous \$17.5 million gift from Madeline and Sidney Forbes. It is the largest private donation for cancer research in UM history. The goal of the proposed Forbes Institute is to encourage researchers to pursue bold initiatives in the fight against cancer." Sidney Forbes said, "There is no better place to lead this fight than the University of Michigan." Executive Vice President Runge and Vice President May will comment on this later in the meeting.

The agenda includes the annual budget presentations and President Schlissel thanked those who have worked diligently on this in support of the fundamental principles of excellence and impact. In particular, he noted the leadership of Provost

Pollack in a budget process that prioritizes academic excellence, affordability and access, and includes a 10.8 percent increase in undergraduate financial aid, the ninth double-digit increase for aid in the last 10 years.

The University recently received approval for capital outlay projects on all three campuses, he said, so we appreciate the support of Governor Snyder and the Michigan Legislature. President Schlissel said the projects include renovation of the School of Dentistry Building, replacement of the Engineering Laboratory Building on the Dearborn Campus and expansion of the Murchie Science Building on the Flint Campus.

President Schlissel that each June, the regents vote on a new chair and vice chair of the board for the coming year. He thanked Chair Regent Ryder Diggs and Vice Chair Regent Bernstein for their dedicated work this past year. He thanked Regent Ryder Diggs for her participation in many campus events throughout the year, and appreciated her wise counsel and thoughtful leadership. He added, “in many ways she has redefined the position of board chair.”

Regent Ryder Diggs thanked her fellow regents, and appreciated their willingness to travel to Flint, Dearborn, Detroit and Grand Rapids, and for the addition of town hall meetings on the other two campuses. She thanked President Schlissel for working collaboratively on multiple goals, including improving academic excellence, hiring new deans and a new athletic director, developing the diversity and inclusion plan, reviewing sexual assault policies, restructuring the Health System, launching the transportation mobility center and new safety efforts, and strengthening connections with the Alumni Association. She also called attention to Vice President May’s

incredible work on the Victors for Michigan capital campaign, especially the focus on raising \$1 billion for student financial aid. She thanked all the executive officers for their candidness and willingness to get the job done.

Regent Ryder Diggs said, “The regents’ bylaws state that the positions of chair and vice chair rotate annually based on seniority until all members of the board have had the opportunity to serve as chair or vice chair. Following this provision, I move the nomination of Regent Bernstein as chair, and Regent Behm as vice chair of the Board of Regents, effective July 1, 2016 through June 30, 2017.” Regent Newman seconded the motion, which carried unanimously.

Regent Bernstein thanked Regent Ryder Diggs saying that she led with integrity, thoughtfulness and energy, and that it was a privilege to work with her.

President Schlissel turned to the supplemental agenda for budget presentations and Provost Pollack began with the Ann Arbor FY 2016-2017 general fund operating budget, student tuition and fee rates.

#### **Proposed Ann Arbor FY 2016-2017 General Fund Operating Budget, Student Tuition and Fee Rates**

Provost Pollack acknowledged the budget team for their hard work and began by stating the three overarching goals of providing a world-class education, interdisciplinary research, and the public mission to serve the common good. The budget priorities continue to be academic excellence, affordability and access, and fiscal discipline. She emphasized the diversity, equity and inclusion strategic planning process that will continue to unfold. The budget includes a substantial increase in need-based aid and she noted that the net cost had not increased in seven years for most

students with financial need. One in five in-state students receives enough aid to cover tuition and some of their living expenses. State support continues to lag behind other states, including the lowest average state grant/scholarship for first-year students. The budget recommendation includes an increase of 3.9% for in-state tuition and a 4.4% increase for out-of-state tuition.

**2016-2017 University Housing Residence Hall and Northwood Community Apartments Rates, 2016-2017 Fee Assessments for Central Student Government (CSG), Student Legal Services (SLS), and School/College Governments, 2016-2017 University Health Service Fee and the Central Student Government Financial Report**

Vice President Harper commented on the 2016-2017 University Housing residence hall and Northwood Community Apartments rates. Housing is requesting an increase of 3%, of which 2% is for the Residential Life Initiatives and 1% is to support operations. The recommended Northwood Community Apartments rate increase is 1% for operations. Vice President Harper said there are no recommended increases for the 2016-2017 fee assessments for Central Student Government, Student Legal Services, and school/college governments. The recommended 2016-2017 University Health Service fee increase is 3% (\$5.44). Vice President Harper noted that the CSG financial report is presented for information.

**Ann Arbor FY 2016-2017 General Fund Operating Budget, Student Tuition and Fee Rates**

There was a motion by Regent Deitch, seconded by Regent Bernstein, to approve the Ann Arbor FY 2016-2017 general fund operating budget, student tuition and fee rates.

## **Discussion on Budgets**

Regent Newman said that she appreciated Provost Pollack's work on the budgets. She said:

*A major responsibility of a public research university is to be affordable and accessible to eligible students. The GF operating budget presented today, while well intended, unfortunately does neither. I applaud efforts to contain and reduce costs where they make sense and we should continue these efforts. They are a good start toward right sizing higher education. But I do not applaud cost cutting in some areas when we are increasing spending in others. It's great that we will save \$23 million through measures such as greater operational efficiency and unit reductions, but instead of living with a budget that is \$23M smaller we are offsetting those savings nearly dollar for dollar. At the risk of sounding like a broken record, what I said last year still stands today. Whether it comes from the University's general fund or from government, more financial aid does not solve the underlying problem of rising college costs. It only makes UM less affordable, especially for middle class students and their families who are least likely to qualify for financial aid. Also, we cannot spend away the simple fact that there are fewer high school graduates in Michigan. We know these numbers are expected to drop further in the foreseeable future and we need to allocate state appropriations in a more efficient manner so that more in-state students benefit no matter what Michigan public university they attend. As for the tuition increase, I'm not comfortable taking credit for budget cuts unless these cuts are not only retained, but also make a difference in the cost of college to our students and their families. With as much as \$546/per year increase in tuition and fees for in-state undergrads and nearly \$2,000 more for their out-of-state counterparts, such a difference is not evident in this GF budget. Under last year's state mandated tuition cap this tuition increase would be over the cap of 3.2%. This year the cap is higher. Are we raising tuition because we can, rather than because we should or absolutely need to? If the answer is yes we need to ask why. Addressing the missions of affordability and accessibility means we need to downsize education to fit the population, not spend more money continuing to grow an already expensive problem. We have a real opportunity for change while maintaining academic quality and excellence. We need to seize our opportunity at Michigan before we price students right out of theirs.*

Regent Ilitch also thanked everyone for his or her effort on the budget preparation. She said:

*The State of Michigan spends roughly 25% more on prisons than education. Higher education accounts for approximately 15% of the State of Michigan's budget while prisons account for 23%. According to reports from the Department of Justice and the National Education Association, the State of Michigan spends \$34,000/prisoner and \$11,000/student. I first would like to use my public responsibilities to encourage Michigan citizens to think about the disinvestment that our state, our governor, and our legislature have made with respect to the budget and not prioritizing education. Provost Pollack talked about that in her discussion this afternoon. Because of our continuing disinvestment, the 2015 National Assessment of Educational Progress report revealed Michigan ranked 41<sup>st</sup> in fourth grade reading, down from 28<sup>th</sup> in 2003; 42<sup>nd</sup> in fourth grade math, down from 27<sup>th</sup> in 2003; 31<sup>st</sup> in eighth grade reading, down from 27<sup>th</sup> in 2003; and 38<sup>th</sup> in eighth grade math, down from 34<sup>th</sup> in 2003. With tuition increases and crippling debt, families are forced to mortgage their futures to invest in their children so they can compete in a new world economy. We have to solve the rising cost of higher education within our state and within our University and not on the backs of working*

*students and families. Let me add something about diversity. We value our diverse campuses, but with each dollar tuition increase we limit the opportunities of middle and working class students to share in an unparalleled college education. The median household income of Michigan families has fallen below the U.S. median family income and the disparity continues to grow. The 2014 median income in the U.S. was \$53,657; for Michigan it was \$49,847. The price of admission to this University impacts the diversity of our student body and I believe this is an unintended consequence. So let's talk about solutions. We need to be more innovative in delivering quality education and more economical in setting tuition. We must explore ways to control the continual escalation of tuition. UM has increased tuition on working students and families many times over the last several years. Our out-of-state tuition is one of the highest non-resident rates of any U.S. public university. I advocate the continued development of new revenue sources. I advocate raising \$1 billion for our capital campaign and that those dollars fall directly to student scholarships and student education. I advocate continued cost cutting and efficient operations. We are a decentralized organization. There are great benefits of being decentralized, but it is a more costly way to deliver services. There are economies of scale of a more centralized system. The educational cost model is not sustainable long term and we need to look for alternatives. We excel at research at this University in so many areas. I believe we should research a task force that will look for ways to deliver a quality education without solely relying on continued tuition escalation.*

Regent Richner said:

*I've always been an advocate for academic excellence and supporting a budget that achieves that end. But a budget is a matter of setting priorities and balancing academic needs with access and affordability. This budget does put additional resources into financial aid, but I don't think we have arrived yet at a solution on the increasing burden of those left out, particularly the middle class.*

Regent Bernstein said:

*This is going to be a close vote and it should be, because this is a difficult issue and one that we need to work hard to solve as an institution, a state and a society. But I disagree with some of my colleagues. I don't think a budget is simply a financial document; it's a moral document. It expresses our priorities as a state and an institution and our aspirations as a university. Last year I spoke in favor of our budget in terms of affordability. Making college affordable means making it affordable for students who need it to be affordable. This may sound odd but it's true. It needs to be most affordable for the low and middle-income student for whom this education is the most impactful for their lives and their families and our state. Fundamentally this comes down to a choice. I support this budget. The choice is, do we remain competitive as a global leader? Do we reduce the cost for low and middle income students? Do we increase financial aid, which we do, almost 11%, an enormous increase with important consequences for students? Do we honor our highest aspiration as an institution or do we retreat and abandon what we built here? Do we let this University fall apart and crumble? So speaking of disrepair, our state's legislature has made disinvestment and disrepair the norm. A lot of attention has focused on our state crumbling infrastructure, our water system, our bridges and our roads. We, this institution, are part of this infrastructure, and I will not let this University fall apart like our roads. I refuse to be an accomplice to our state legislature's foolish and shortsighted approach to higher education. They may not care if we go down the drain, or about the 200-year excellence we have attained, over two centuries. They may not care if our talent leaves, if we can't attract the best scholars and researchers, and if we can't build and maintain excellent facilities. But I do. I will not, as Provost Pollack showed on her charts, participate in this 'race to the bottom.'*

*I also want to make a broader societal observation that is highly relevant to and motivates my vote, and it involves another choice which is, are we citizens or are we taxpayers? Citizens see assets; taxpayers see liabilities. Citizens see responsibilities; taxpayers see burdens. I think there has been a shift from a self-concept of citizenry to taxpayer that has accelerated over the last few years. I fear it impacts the way we think about this vote, this University and all of the public infrastructure that enables this state to proceed and progress, and for us to invest in each other and progress. We all believe this University is a tremendous asset that we feel a great responsibility to and that we have to preserve and protect. These are practical and philosophical reasons why I strongly support this budget and the direction it takes us.*

Regent Deitch concurred with appreciating the effort of the budget makers and supported the recommendation. He said:

*Michigan is unique. I travel a lot in our country and world for business and for pleasure. I was in Germany last week with people talking about the great ancient German universities. I'm from Michigan, which takes no backseat to any place. We talk about ratings a lot and the strangeness of the components and metrics of the U.S. News & World Report ratings. I like the methodology of the Times of London, which rates UM as the 14<sup>th</sup> best university in the world. We are going to go up. That is the vision of our president, our provost and our EVPMA. We aren't going to stay at 14, and it costs money. I agree with what everyone said. Regent Ilitch talked of the disinvestment of our politicians and that is shameful. In the meantime, we have a responsibility to Michigan. We are providing our students with a unique education that makes them competitive and desirable for the best graduate programs and best employment opportunities worldwide. With the context of maintaining that excellence, that I've been committed to for all the years I have been here, I support this budget. Would I like it to be less? Yes, but it has been well thought through and well vetted. I enthusiastically support it.*

Regent Ryder Diggs appreciated the budget team's efforts and said:

*The budget reflects the goals and the priorities, including academic excellence, financial aid, improving the campus culture to create an environment where people can study and do research, and enhances the lives of the people of our state and our country. Investment in our University is an investment in our people, our state, our faculty, our staff and our students. What we have seen, as reflected in the comments by Regent Ilitch, is divestment in the state, the people, and the students. That is not going to lead us to the future that we need. In order to do that we need to spend the money that will invest in our future. I'm in support of the budget and appreciate the efforts to balance the priorities while making it affordable.*

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

#### **2016-2017 University Housing Residence hall and Northwood Community Apartment Rates**

On a motion by Regent White, seconded by Regent Bernstein, the regents approved the 2016-2017 University Housing residence hall and Northwood Community

Apartment rates with Regents Behm, Bernstein, Deitch, Ryder Diggs, Richner and White in favor and Regents Ilitch and Newman opposed.

**2016-2017 Fee Assessments for Central Student Government (CSG), Student Legal Services (SLS), and School/College Governments**

On a motion by Regent Deitch, seconded by Regent Ryder Diggs, the regents approved the 2016-2017 fee assessments for Central Student Government, Student Legal Services, and school/college governments, with Regents Behm, Bernstein, Deitch, Ryder Diggs, Ilitch, Richner and White in favor and Regent Newman opposed.

**2016-2017 University Health Service Fee**

On a motion by Regent Bernstein, seconded by Regent Deitch, the regents approved the 2016-2017 University Health Service fee with Regents Behm, Bernstein, Deitch, Newman, Richner, Ryder Diggs, and White in favor and Regent Ilitch opposed.

**Proposed Flint Campus FY 2016-2017 General Fund Operating Budget, Student Tuition and Fee Rates, and Residence Hall Rates**

Chancellor Borrego recommended a 4.1% increase in combined tuition and fees for resident graduate and undergraduate students. The budget also includes an increase of 8.3% in both need and merit based financial aid. A 2% increase is recommended for Riverfront Residence Hall two person and single bedroom suites.

**Flint Campus FY 2016-2017 General Fund Operating Budget, Student Tuition and Fee Rates**

On a motion by Regent Bernstein, seconded by Regent Behm, the regents approved the Flint campus FY 2016-2017 general fund operating budget, student tuition and fee rates with Regents Behm, Bernstein, Deitch, Ryder Diggs, Richner and White in favor and Regents Ilitch and Newman opposed.

### **Flint Campus 2016-2017 Residence Hall Rates**

On a motion by Regent White, seconded by Regent Deitch, the regents approved the 2016-2017 UM-Flint residence hall rates, with Regents Behm, Bernstein, Deitch, Ryder Diggs, Newman, Richner and White in favor and Regent Ilitch opposed.

### **Proposed Dearborn Campus FY 2016-2017 General Fund Operating Budget, Student Tuition and Fee Rates**

Chancellor Little recommended a budget with a tuition increase for resident students of 4.1% and out-of-state students of 2.1%. He noted that the budget includes increasing financial aid by 10.4%.

### **Dearborn Campus FY 2016-2017 General Fund Operating Budget, Student Tuition and Fee Rates**

On a motion by Regent Deitch, seconded by Regent Behm, the regents approved the Dearborn campus FY 2016-2017 general fund operating budget, student tuition and fee rates, with Regents Behm, Bernstein, Deitch, Ryder Diggs, Richner and White in favor and Regents Ilitch and Newman opposed.

### **Proposed FY 2017 University of Michigan Clinical Enterprise Operating Budget**

Dr. David Spahlinger, president of the University of Michigan Hospitals and Health Centers and the University of Michigan Medical Group, executive vice dean for clinical affairs, and professor of internal medicine, said that the Hospitals and Medical Group are presented together for the first time under the new Health System structure. He spoke of priorities that include quality and safety and Project Zero, an initiative to achieve zero harm to patients in the Hospital, and also value creation and enhancing the patient experience, developing employees, diversity and inclusion, and financial stewardship. He expects to finish the year with a 4.2% operating margin and is

projecting a 2.7% increase in operating revenue next year, in spite of expected legislative challenges.

**FY 2017 University of Michigan Clinical Enterprise Operating Budget**

On a motion by Regent Ryder Diggs, seconded by Richner, the regents unanimously approved the FY 2017 University of Michigan clinical enterprise operating budget.

**FY 2017 University of Michigan Athletic Department Operating Budget**

Athletic Director Warde Manuel presented the FY 2017 University of Michigan Athletic Department operating budget. He thanked everyone for his great first three months, and said he was glad to be back in Ann Arbor. He applauded the tremendous student athletes and acknowledged his executive staff for their assistance in the budget preparation. He said that this year the department will break even and he expects a surplus of nearly \$1 million next year due to one additional football game, the Nike agreement and the special soccer event in July. He noted an increase in expenses and transfers to the University.

Regent Richner asked how many football games there would be the following year.

Athletic Director Manuel said that there will be six home games. There is a seventh neutral site game played in Texas, which is equivalent of seven home games because there is a guarantee of \$6 million in revenue for that game. Each home game brings in about \$6.5 million in ticket sales.

Regent Newman said that the Athletic Department brings in enough revenue to pay for itself, has no subsidization from general fund, and in fact pays into the general fund by paying the full scholarships for athletes in addition to other expenses.

Athletic Director Manuel said that the Athletic Department returned \$17 million to the general fund in tuition, room/board and academic services costs. He said that he appreciates the recognition of this support, and strives to maintain fiscal responsibility, and to continue to support the University.

### **Revenue and Expenditure Operating Budgets for FY 2016-2017**

Executive Vice President Hegarty said the final vote is for the total budget and includes all three campuses.

On a motion by Regent Deitch, seconded by Regent Ilitch, the regents approved the revenue and expenditure operating budgets for FY 2016-2017, with Regents Behm, Bernstein, Deitch, Richner, Ryder Diggs and White in favor and Regents Ilitch and Newman opposed.

### **Committee Reports**

**Finance, Audit and Investment Committee.** Committee Chair Regent Bernstein reported than he met with Jeff Moelich, executive director of university audits, to review the FY17 internal audit plan.

**Personnel, Compensation and Governance Committee.** Committee Chair Regent Richner reported that he and Regent Newman met with Provost Pollack for an update on dean searches and with Chancellor Borrego for an update on the Flint

campus. Dean Aaron Dworkin provided an overview of his first year as dean and gave a presentation on the School of Music, Theater and Dance.

### **Consent Agenda**

**Minutes.** Vice President Churchill submitted for approval the minutes of the meeting of May 19, 2016.

**Reports.** Executive Vice President Hegarty submitted the Investment Report as of May 31, 2016, the Plant Extension Report, and the University Human Resources Report.

**Litigation Report.** Vice President Lynch submitted the Litigation Report.

**Research Report.** Vice President Hu submitted the Report of Projects Established, July 1 2015 – May 31, 2016.

**University of Michigan Health System.** Executive Vice President Runge brought forward a supplemental item to create an institute for cancer discovery within the University of Michigan Comprehensive Cancer Center and name it in honor of Sidney and Madeline Forbes. The Forbes gift of \$17.5 million for cancer research is the largest private donation for cancer research in the history of UM. The institute will stimulate the development of innovative technologies and new therapies, offer team research and cross-disciplinary efforts, create a Senior Forbes Scholars and Emerging Forbes Scholars Program, and support an oncology professorship previously named for the Forbes.

Vice President May said it's an incredible pleasure to work with the Forbes family. Their generosity and volunteer leadership sets a strong example for families and he "couldn't be more appreciative of this family."

**Student Life.** Vice President Harper thanked the president, provost and regents for their support of services that are essential to students and their development and said that it makes a difference in the lives of students.

**University of Michigan-Dearborn.** Chancellor Little expressed appreciation for the capital outlay funding for the Engineering Building and noted a partnership with Detroit businesses that provides students with tours and meetings with organization leaders. He was also appreciative of the collaboration between the Dearborn campus and the MCubed initiative.

**University of Michigan-Flint.** Chancellor Borrego said the Flint campus held a vigil on Monday night for the victims in Orlando and she was proud of the student response. She thanked Vice President Wilbanks for her work to secure the capital outlay funding. She said that faculty and students from early childhood programs with expertise in the health challenges facing children with lead poisoning are working with the Flint community schools. One of their projects was making a Chihuly-style sculpture out of water bottles and it caught the attention of glass artist Dale Chihuly. She also commented on the Tri-Campus Summit for students from the three UM campuses and noted that an alternative spring break is being planned.

**Central Student Government Report.** Central Student Government (CSG) President David Schafer spoke of the tragic events that took place in Orlando, and

noted the value of UM's counseling services, and the work of the Spectrum Center, the first of its kind in the nation, that helped students in the aftermath. He thanked the regents for the their continued financial support that CSG will allocate to student groups and use to support other programming. He advocated for student input on decisions, including discussions on tuition and matters that disproportionately impact low-income students.

**Voluntary Support.** Vice President May submitted the report on voluntary support for May 30, 2016.

**Personnel Actions/Personnel Reports.** Provost Pollack presented a number of personnel actions and reports.

**Retirement Memoirs.** Vice President Churchill submitted 18 faculty retirement memoirs.

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

**Degrees.** Provost Pollack presented the April 2016 final list of degrees.

**Approval of Consent Agenda.** On a motion by Regent Bernstein, seconded by Regent Behm, the regents unanimously approved the consent agenda, including the supplemental items.

### **Sale of Gifted Real Estate**

Executive Vice President Hegarty reported on the University's sale of the small vacant lot on US-31 in Petoskey, MI, donated to the University by Charles B. and JoAnne V. Cartwright in 1982, for \$5,500. The proceeds will benefit the School of Dentistry Restricted-Invested Account.

### **Alternative and Absolute Return Commitments**

Executive Vice President Hegarty reported on a commitment of \$33.75 million to Accel XIII L.P., Accel Growth Fund IV L.P., and Accel Leaders Fund L.P.; a commitment of \$10 million to the St. John's Center co-investment offered by Westbrook Partners; a commitment of \$755,000 CAD (\$595,800 USD) to Modern Resources, Inc.; a commitment of \$582,655 to SCF Fund VII (A), L.P.; a commitment of \$50 million to Dyal Capital Partners III, L.P.; a commitment of \$30 million to RFM UM PE LLC from the University's investment pool for working capital.

### **Absolute Return Commitment**

On a motion by Regent White, seconded by Regent Richner, the regents unanimously approved the commitment of \$25 million from the University's Long Term Portfolio to Tybourne Capital Management.

### **Absolute Return Commitment**

On a motion by Regent White, seconded by Regent Behm, the regents unanimously approved the commitment of \$30 million from the University's investment pool for working capital to AMERRA Agri Fund III, L.P.

### **Alternative Asset Commitment**

On a motion by Regent Bernstein, seconded by Regent Behm, the regents unanimously approved the commitment of €32 million (~\$36 million) from the University's Long Term Portfolio to OpCapita Consumer Opportunities Fund II, L.P.

### **Alternative Asset Commitment**

On a motion by Regent Richner, seconded by Regent Bernstein, the regents unanimously approved the commitment of up to SEK 290 million (~\$35 million) from the University's Long Term Portfolio to FSN Capital V L.P.

### **Central Power Plant Chimney Stack Refurbishment**

On a motion by Regent Behm, seconded by Regent Ilitch, the regents unanimously approved the \$1,200,000 Central Power Plant chimney stack refurbishment project that will repair the north and south chimneystacks and authorized issuing the project for bids and awarding construction contracts provided that bids are within the approved budget.

### **Conflicts of Interest Items**

Regent Richner requested recusal on two items: Arbor Metrix and FreezerNanny LP, and they were both removed from the vote. On a motion by Regent Bernstein, seconded by Regent Behm, the regents approved the conflict of interest items that fall under the State of Michigan Conflict of Interest Statute.

The following information is provided in compliance with statutory requirements:

### **Authorization for the University to enter into a Subaward Agreement with Imbio, LLC**

A subaward agreement with Imbio, LLC (the "Company") to collaborate in support of the project entitled "Advancing Quantification of Diffusion MRI for Oncologic Imaging" was approved.

1. Parties to the agreement are the Regents of the University of Michigan and its Department of Radiology and Imbio, LLC.
2. The terms of the agreement will conform to University policy. The period of performance for the project is from September 22, 2015 through August 31, 2020.

The amount of funding support will not exceed \$781,736. Since research projects are often amended, this agreement includes provisions for changes in time 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 arises from the fact that the University of Michigan employees Dr. Brian Ross and Dr. Alnawaz Rehementulla have equity interests in Imbio, LLC.

**Authorization for the University to enter into an agreement with Arborlight, Inc.**

An agreement with Arborlight, Inc. (the “Company”) to purchase four units of LED Skylight emulators to study the effect of circadian rhythm on physical and mental health in a work environment was approved.

1. Parties to the agreement are the Regents of the University of Michigan and its School of Public Health and Arborlight, Inc.
2. The terms of the agreement are to purchase four LED Skylight emulators that mimic natural light in intensity, color and rhythm at a total cost of \$4,495.
3. The pecuniary interest arises from the fact that the University of Michigan employees Max Shtein and Pei-Cheng Ku are co-founders of Arborlight, Inc.

**Authorization for the University to transact with Biodiscovery, LLC d/b/a MYcroarray**

An agreement with Biodiscovery, LLC d/b/a MYcroarray (the “Company”) to purchase RNA baits, which extract specific DNA sequences used for research was approved.

1. Parties to the agreement are the Regents of the University of Michigan and its Department of Ecology and Evolutionary Biology and Biodiscovery, LLC d/b/a MYcroarray.
2. The terms of the agreement are to purchase RNA baits at a total cost of \$5,190.
3. The pecuniary interest arises from the fact that the University of Michigan employees Erdogan Gulari and Jean Marie Rouillard are co-founders of Biodiscovery, LLC d/b/a MYcroarray.

**Authorization for the University to enter into an agreement with Blue Cottage Consulting**

An agreement with Blue Cottage Consulting (the “Company”) to provide consulting services for adult clinical services program analysis was approved.

1. Parties to the agreement are the Regents of the University of Michigan and its Health System and Blue Cottage Consulting.
2. The terms of the agreement are to provide consulting services for adult clinical services program analysis for a period of 16 weeks at an estimated cost of \$340,360.
3. The pecuniary interest arises from the fact that the University of Michigan employee Juliet Rogers is the Chief Executive Officer of Blue Cottage Consulting.

**Research Agreement between the University of Michigan and Eli Lilly and Company**

A research agreement with the Eli Lilly and Company (the “Company”) to fund a project entitled “A Randomized, Double-Blind, Placebo-Controlled, Phase 3 Trial of Doxorubicin plus Olaratumab versus Doxorubicin plus Placebo in Patients with Advanced or Metastatic Soft Tissue Sarcoma” (ORSP #16-PAF00879) was approved.

1. Parties to the agreement are the Regents of the University of Michigan and its Department of Internal Medicine and Eli Lilly and Company.
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 \$1,212,878. Since research projects are often amended, this agreement includes provisions for changes in time 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 arises from the fact that the University of Michigan employee Dr. Marschall Runge is a paid member of the Board of Directors of Eli Lilly and Company.

**Research Agreement between the University of Michigan and Eli Lilly and Company**

A research agreement with the Eli Lilly and Company (the “Company”) to fund the project entitled, “I4V-MC-JAHH: A Randomized, Double-Blind, Placebo-Controlled, ParallelGroup, Phase 2 Study of Baricitinib in Patients with Systemic Lupus Erythematosus (SLE)” (ORSP #16-PAF04939) was approved.

1. Parties to the agreement are the Regents of the University of Michigan and its Department of Internal Medicine and Eli Lilly and Company.
2. The terms of the agreement conform to University policy. The period of performance for the project is approximately eighteen (18) months. The amount of funding support will not exceed \$123,416. Since research projects are often amended, this agreement includes provisions for changes in time 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 arises from the fact that the University of Michigan employee Dr. Marschall Runge is a paid member of the Board of Directors of Eli Lilly and Company.

**Subcontract Agreement between the University of Michigan and Invenio Imaging, Inc.**

A subcontract agreement with Invenio Imaging, Inc. (the “Company”) to fund a NIH (prime) SBIR Phase II project entitled “Real-time histopathology for intra-operative tumor margin delineation” (ORSP# 16-PAF01012) was approved.

1. Parties to the agreement are the Regents of the University of Michigan and its Department of Neurosurgery and Invenio Imaging, Inc.
2. The terms of the agreement conform to University policy. The period of performance for the project is approximately eighteen (18) months. The amount of funding support will not exceed \$135,580. Since research projects are often amended, this agreement includes provisions for changes in time 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 arises from the fact that the University of Michigan employee Dr. Daniel Orringer is a part owner of Invenio Imaging, Inc.

**Research Agreement between the University of Michigan and MedigenixBio, Inc.**

A research agreement with MedigenixBio Inc. (the “Company”) to fund a project entitled “Kinetic Analysis of Enzymatic Activity” (ORSP# 16-PAF06316) was approved.

1. Parties to the agreement are the Regents of the University of Michigan and its Department of Internal Medicine and MedigenixBio, Inc.
2. The terms of the agreement conform to University policy. The period of performance for the project is approximately one (1) year. The amount of funding support will not exceed \$9,920. Since research projects are often amended, this agreement includes provisions for changes in time 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 arises from the fact that the University of Michigan employees Daniel Lawrence and Enming Joseph Su are part owners of MedigenixBio, Inc.

**Research Agreement between the University of Michigan and MedSyn Biopharma, LLC**

A research agreement with MedSyn Biopharma, LLC (the “Company”) to fund a project entitled “Targeting Protein Degradation for New Therapeutics” (ORSP# 16-PAF06726) was approved.

1. Parties to the agreement are the Regents of the University of Michigan and its Department of Internal Medicine and MedSyn Biopharma, LLC.
2. The terms of the agreement conform to University policy. The period of performance for the project is approximately five (5) years. The amount of funding support will not exceed \$800,000. Since research projects are often amended, this agreement includes provisions for changes in time 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 arises from the fact that the University of Michigan employees Arul Chinnaiyan, Shaomeng Wang, and Dr. Gilbert Omenn are part owner of MedSyn Biopharma, LLC.

### **Research Agreement between the University of Michigan and NanoFlex Power Corporation**

A research agreement with NanoFlex Power Corporation (the “Company”) to continue funding a project that was approved by the regents in October 2015 through a supplement entitled “Low-Cost and High-Efficiency Thin-Film GaAs Solar Cells for Building Integrated and Building Applied Photovoltaics” (ORSP# 16-PAF03598) was approved.

1. Parties to the agreement are the Regents of the University of Michigan and its Department of Electrical Engineering and Computer Science and NanoFlex Power Corporation.
2. The terms of the agreement as amended conform to University policy. The period of performance for the project remains approximately twelve (12) months. The amount of funding support as supplemented will not exceed \$158,020. Since research projects are often amended, this agreement includes a provision for changes in time 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 arises from the fact that the University of Michigan employee Dr. Stephen Forrest is a part owner of NanoFlex Power Corporation.

### **Research Agreement between the University of Michigan and NanoFlex Power Corporation**

A research agreement with NanoFlex Power Corporation (the “Company”) to fund a project entitled “Low-Cost and High-Efficiency Thin-Film GaAs Solar Cells” (ORSP# 16-PAF06416) was approved.

1. Parties to the agreement are the Regents of the University of Michigan and its Department of Electrical Engineering and Computer Science and NanoFlex Power Corporation.
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 \$150,000. Since research projects are often amended, this agreement includes a provision for changes in time 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 arises from the fact that the University of Michigan employee Dr. Stephen Forrest is a part owner of NanoFlex Power Corporation.

### **License Agreement between the University of Michigan and VolunTech Solutions LLC**

A license agreement with VolunTech Solutions LLC (the “Company”) to license from the University of Michigan the University’s rights associated with the

following technology: UM OTT File No. 5430, entitled, “Research Volunteer Tracking” was approved.

1. Parties to the agreement are the Regents of the University of Michigan and VolunTech Solutions 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 interest arises from the University of Michigan employee Dr. Nestor Lopez-Duran’s ownership interest in VolunTech Solutions LLC.

On a motion by Regent Behm, seconded by Regent White, the regents approved the following two items, with Regent Richner recusing himself from the vote. The following information is provided in compliance with statutory requirements:

#### **Authorization for the University to enter into an agreement with ArborMetrix**

An agreement with ArborMetrix (the “Company”) to provide and implement a measurement and reporting platform to support the quality and improvement initiative entitled the “Michigan Breast Oncology Quality Initiative (MiBOQI)” was approved.

1. Parties to the agreement are the Regents of the University of Michigan and its Department of Surgery and ArborMetrix.
2. The amendment is to extend the current agreement and will provide the University with implementation of a measurement and reporting platform to support the MiBOQI quality improvement. The extension period is through May 31, 2019 for an additional total cost of \$525,000.
3. The pecuniary interest arises from the fact that the University of Michigan employee Dr. Justin Dimick is a co-founder and part owner of ArborMetrix.

#### **Authorization for the University to transact with FreezerNanny LP**

An agreement with FreezerNanny LP (the “Company”) to purchase wireless monitoring devices, probes and service for ultra-low freezers was approved.

1. Parties to the agreement are the Regents of the University of Michigan and its School of Dentistry and FreezerNanny LP.

2. The terms of the agreement are to purchase wireless monitoring devices, probes and service for ultra-low freezers for 2 years at a total cost not to exceed \$21,000.
3. The pecuniary interest arises from the fact that the University of Michigan employees Manhong Dai, Tom Dixon, Fan Meng and Ruth Freedman are co-owners of FreezerNanny.

### **Henry Russel Lecturer and Henry Russel Awards**

President Schlissel again congratulated the award recipients.

### **Separation of the Department of Communication and Visual Arts, UM-Flint College of Arts and Sciences**

On a motion by Regent Behm, seconded by Regent White, the regents unanimously approved the separation of the Department of Communication and Visual Arts into two independent departments, the Department of Communication Studies and the Department of Art and Art History.

### **School of Nursing Executive Committee**

On a motion by Regent Ilitch, seconded by Regent Ryder Diggs, the regents unanimously approved the change to the composition of the School of Nursing Executive Committee, to include two additional senior clinical track professional faculty members bringing the committee membership to eight, not including the dean.

### **Michigan Health Corporation (MHC) Annual Report and Business Plan**

On a motion by Regent Newman, seconded by Regent Richner, the regents unanimously approved the MHC FY2016 Annual Report and FY2017 Business Plan.

### **Public Comment**

The regents heard public comments from Katherine Delaney, citizen, on the UM transportation operations and maintenance facility.

Regent Deitch thanked her for coming, and thanked the coalition for their work. He said, "I look forward to more productive engagement, but I have to say, it's important for the record to reflect that eight regents have a job to do and that is to

advance the interests of the University. Sometimes that might make the community unhappy, when projects are mission critical. It should be understood that the University retains its prerogatives. That doesn't mean that we won't be collaborative, but I don't want this to be misunderstood in terms of it's precedential value—the precedent is that we screwed up in the first place, and when we recognized it, we changed it, but that doesn't take away from our freedom of action long-term, at least from my perspective.”

Public comments continued with Gordon Didier, alumnus, on the Martha Cook Building culture, value and governance.

Regent Bernstein said, “I appreciate the comparison to Mr. Cook but I would suggest that our involvement in the Civil Rights Movement come first in great contrast to Mr. Cook’s views on many things, and I’ll leave it to you to research that and maybe address it in the future. Second, I deeply care, as I’m sure you do, that the gifts that are made to this University are done in a way that are honored and enable our students to thrive, and enable our students to be safe and secure. Sadly, we believe that we are at an impasse with respect to Martha Cook, and in particular governance at Martha Cook because we believe and take seriously our responsibilities in those areas. We are searching for ways to responsibly honor our fiduciary responsibilities to our students and to this community. We hope to effectively navigate this with responsible parties to which you do not belong, and look forward to resolve this in a favorable way that hopefully allows Martha Cook to be back on track and be successful in the future.”

Regent Behm said, “the board is aware that the administration is working on this issue with the Cook Board of Governors. Meetings have occurred and are

scheduled, and work on this issue continues. I would say frankly, lawyer to lawyer, in spite of your tone, and in spite of your misstatement of the facts, the board is confident that these issues you have raised are being addressed.”

**Adjournment**

The meeting was adjourned at 4:55 p.m. The next meeting will take place on July 21, 2016 in Ann Arbor.