

**JUNE MEETING, 2013**

*The University of Michigan*  
*Ann Arbor*  
*June 20, 2013*

The regents met at 3:12 p.m. in the Anderson Room, Michigan Union. Present were President Coleman and Regents Bernstein, Darlow, Deitch, Diggs, Ilitch, Newman and Richner. Regent White was present for a portion of the meeting via conference call. Also present were Vice President and Secretary Churchill, Vice President Forrest, Vice President Harper, Chancellor Little, Vice President Lynch, Vice President May, Chancellor Person, Executive Vice President Pescovitz, Provost Pollack, Vice President Rudgers, Executive Vice President Slottow and Vice President Wilbanks.

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

President Coleman said that the June meeting traditionally marks the nomination of a new chair and vice chair of the Board. She thanked Regent Larry Deitch for his leadership as chair this past year, and Regent Andrea Fisher Newman for her contribution as vice chair.

She announced the selection of a new executive director of the University's Division of Public Safety and Security, Eddie Washington Jr., who has served as director of the Michigan State Police, and as a Homeland Security consultant. With the Board's approval in July he will begin July 23. She noted that the agenda includes budget presentations from all three campuses, as well as proposals for housing, athletics and the health system, with an overarching objective of the continued excellence of the University. This includes making our remarkable academic environment available to all students by continuing to provide strong financial aid packages to those in need.

President Coleman thanked Provost Martha Pollack and her team for their work on the budget, and then turned to Regent Deitch for comments on his last meeting as chair.

Regent Deitch provided an update on the Presidential Search as follows: “The selection of a President is the most important responsibility of the Board of Regents. We appreciate that President Coleman has given us a good amount of time prior to her retirement, to carefully plan for an excellent search process and we’ve already begun that work. We have had the chance to talk with several firms and have selected Russell Reynolds Associates to assist the board with our next presidential search. Russell Reynolds is one of the leading executive recruiting firms in the world with offices in 26 countries. They have a very strong higher education practice, focusing on the recruitment of presidents, provosts and deans primarily at AAU research universities and their peers. We last worked with Russell Reynolds in a presidential search when the Regents hired President Bollinger. The lead members of the Russell Reynolds team this time are Ilene Nagel, and Alison Ranney. We were impressed by the team’s insight as we discussed the challenges and opportunities in leading one of the world’s great universities. Our consultants are highly regarded by their clients for their effectiveness and the ability to understand the culture and needs of great research universities like Michigan. We believe our consultants will bring great energy to this important task. The Regents are united in our commitment to bring in another great president to Ann Arbor. This has been and will continue to be a team effort. Later this summer we will have more details on the search process hammered out and we will advise you accordingly.”

Regent Deitch thanked his colleagues, particularly the committee chairs: Regent White, chair of the Finance, Audit, and Investment Committee, who developed valuable expertise in the University finances; Regent Ilitch, chair of the Personnel, Compensation and Governance

Committee, who brought her wisdom and common sense to the role; and Regent Darlow, chair of the Health Affairs Committee. He said “I have not observed anyone in my years here who undertook at task with more devotion to the duty, with a greater sense of commitment, a willingness to apply her expertise, and to dig for answers on things until she was satisfied. We all owe her a debt of gratitude.”

Regent Deitch continued, saying “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. Therefore, I move the nomination of Regent Andrea Fischer Newman as chair of the Board of Regents and Regent Katherine White as vice chair of the Board of Regents, effective July 1, 2013 through June 30, 2014.” The motion was seconded by Ilitch and carried unanimously.

President Coleman then turned to Executive Vice President and CFO Tim Slottow for his presentation on the financial health of the University.

### **Budget Presentations:**

Executive Vice President Slottow said that his report provides context for the budgets that are on the agenda for approval by focusing on the University’s balance sheet, along with opportunities and threats that affect the major assets and liabilities. Fundamental to protecting the overall financial health of the University is the ability to adhere to sound financial principals, including a disciplined operating budget strategy, focus on cost controls, diversity in revenue streams, long-range capital investment strategies, excellent management of the endowment, and conservative utilization of debt. Added to this are strong internal controls that includes a robust unit certification program process for all financial activities, resulting in improved compliance. He reviewed the balance sheet saying that the ratio of total assets to total liabilities is very

healthy, as are total financial assets and debt. A majority of the financial assets are restricted, but support core operations. One liability that does not appear on the balance sheet is the fully depreciated buildings of about \$600 million in deferred maintenance. He said aggressive efforts to grow the endowment to support the general fund led to the development of \$13 million in recurring new dollars to support financial aid, professorships, and global student experiences. This, combined with the success of the Development team, has resulted in \$233 million annually being spun-off from the endowment to support the General Fund. Planning includes an ongoing commitment to renew and replace facilities as necessary, improve operating costs, and enhance sustainability in terms of energy usage and more efficient construction standards.

Finally, Vice President Slottow said that human assets are the most valuable asset, and require continuous investment including programs like MHealthy, and health benefit improvements. In terms of liabilities, the University has a prudent debt management policy with \$1,796 million in debt as of April 30, 2013, and the highest possible AAA credit rating from both Standard and Poor's and Moody's Investors Service. The proposed budgets continue to support the overall financial health of the institution.

Provost Pollack presented the proposed Ann Arbor FY2013-14 General Fund Operating Budget, student tuition and fee rates. She thanked the budget team saying that the budget is true to the mission, ensures academic excellence, invests in financial aid, and aggressively contains costs while seeking new revenues.

Provost Pollack said, "This budget protects our faculty and helps us recruit and retain the kind of faculty that make Michigan great." It also protects the academic resources such as the diverse collections at our libraries that serve as a resource not just to the university, but to the whole state of Michigan.

Provost Pollack spoke of an ‘uncommon education’ even for those in need of financial assistance. This budget, for the fifth year in a row, has no net cost of attendance for those who qualify for financial assistance. For many students net costs will decrease, and the proposed tuition increase is the lowest in 29 years. Financial aid to meet the full cost of attendance for out-of-state undergraduates also was expanded to include families earning up to \$40,000/annually, up from \$20,000/annually in past years. Cost containment has taken a three-pronged approach, including aggressively controlling costs, targeting philanthropic priorities, and developing recurring alternative revenue sources resulting in a total of \$265 million. This year’s general fund budget includes \$24 million in reductions, such as the IT rationalization program, staff efficiencies, and energy conservation mechanisms.

The recommended increase for FY 2014 for undergraduate in-state tuition is \$148/year which is a 1.1% increase; the out-of-state increase is \$1,270/year or 3.2%. Graduate tuition has a proposed 1.8% increase across the board.

Provost Pollack concluded by saying, “we want to continue to provide an ‘uncommon education’ and we will do so. We will continue to invest in the programs that make our students leaders for the 21<sup>st</sup> century.

Chancellor Little presented the proposed Dearborn Campus FY 2013-14 General Fund Operating Budget, student tuition and fee rates, with the number one priority of maintaining and expanding the academic quality of the education offered at UM-Dearborn. He said there is growth in the health professions programs offered to students, which are in high demand. This budget will preserve accessibility to every student, including high numbers of both Pell Grant eligible students, and first generation college students. It also will help assure UM-Dearborn continues to be a fair and productive learning environment for all of the faculty and staff.

Budget highlights include a 10% increase in financial aid, a 2% increase in faculty and staff salaries, new student life programs complementing the new private housing programs, and renovations for infrastructure. Cost containment efforts include \$3.4 million in cost elimination, with another \$500,000 projected in the current year. Chancellor Little's recommendation includes a tuition and fee increase for undergraduate and graduate student of 3.5% for residents and 2.0% for non-residents.

Chancellor Person resented the proposed UM-Flint Campus FY 2013-14 General Fund Operating Budget, student tuition and fee rates. She said her budget priorities include a planned investment in enrollment management, improved retention and graduation rates, and new program development. This includes planned growth in international and veteran students, and in dual enrollment programs. Other priorities are a commitment to energy savings, infrastructure, financial aid, faculty and staff. Chancellor Person's budget recommendation includes a 3.5% increase for resident and non-resident undergraduates, and a 3.0% increase for graduate students. Chancellor Person added that the UM-Flint residence hall rates are proposed to increase by 2.7%.

Vice President Harper commented on the renovation of many of the residence halls that greatly improved the student experience. She said that investment in facilities requires good management of resources. She presented the proposed 2013-14 University Housing Residence Hall rates for the Ann Arbor Campus as an increase of 2.5%, and an increase of 0.5% for Northwood Community Apartment rates. She added that fee assessments for Central Student Government, Student Legal Services, and school/college governments would all remain unchanged from 2012-13 rates.

UMHHC Chief Executive Officer Doug Strong presented the University of Michigan Hospitals and Health Centers FY 2014 Operating Budget, and commented on the strategic plan created with the Regents, which positions UMHS for future success across all components of the mission: research, education, and patient care. He noted continued strong patient care and the impact of major developments such as the Women's and Children's Hospital and MiChart. The UM hospital is the only hospital in the nation to have been recognized in all four of the following: *US News and World Report* Honor Roll, *Modern Healthcare* Top 100, Leapfrog Top Hospital and the UHC Top 10 in Patient Safety. The UMHHC continues to see patients from every county in the state and has increased results in the Patient Satisfaction Index. CEO Strong said that the UMHS is a financially healthy organization and is well positioned for continued future success.

Athletic Director Dave Brandon presented the FY 2014 University of Michigan Athletic Department Operating Budget that he described as stable and sustainable. He noted significant investment in talent, facilities, and support services for student athletes, new sports and activities. Net assets are expected to be \$386 million by the end of the fiscal year, and endowment balances \$64 million as of March 31, 2013. Projections for the 2013-14 budget are \$146,420 million in revenue and \$137,471 million in expenses leaving an operating surplus of about \$8.9 million. Total debt is approximately \$231 million including the completion of the Crisler Center renovation projects. There is \$340 million in projects slated over the next few years, including replacing the ice making equipment at Yost.

President Coleman noted that Regent White had joined the meeting via conference call, and she asked for comments from Regents.

## **Comments from Regents**

Regent Ilitch thanked the administration for doing a great job. She continued saying “It’s my position that the business model must change. If we have heard it once we’ve heard numerous times that the continuing raising of tuition is not sustainable and that this business model is not sustainable, so I am going to continue to encourage us to change. I acknowledge that this is not a university problem. This is a national problem. We have heard over and over as we have talked to different professionals in this area that this is a challenge that all of higher education is facing.

“It was an interesting statistic to me that resident tuition has increased 63% in the past 10 years. I want to encourage us to continue to focus on creating revenue streams, to centralize more functions for optimum efficiency, to invest more, and to centralize fund raising and development. If we were as good at raising revenue streams as we are at raising tuition our students would be far better off, access to higher education would be easier for many, and students would not be crushed by debt. I was struck by some statistics that have impacted our students when it comes to debt both on a national level and on a local level. On a national basis Americans are carrying more than \$1 trillion of college debt. So to give a perspective to this, students at Michigan’s 15 public universities took out nearly \$2 billion in student loans in the 2009-10 year. Students at Michigan’s four-year public universities carry an average loan debt of \$26,000 ranking our state the 12<sup>th</sup> highest in the nation. As we review the budgets and talk about the fact that it’s the lowest tuition increase in many years, many would say that’s not much of an increase, but as one Michigan student said, when you don’t have much to begin with it adds up fast. We have increased tuition 29 years in a row. I would like to encourage all of us, I would like to be part of the solution, to show more creativity in raising revenue streams, and

more discipline fiscally, and to use a wonderful phrase that Provost Pollack said ‘ a relentless commitment’ to stop raising tuition on our Michigan students.”

Regent Richner, commended Provost Pollack on her excellent work in keeping tuition the lowest increase in 29 years and agreed with Regent Ilitch’s comments. “I’m going to vote for the tuition increase. Nobody likes tuition increases, me in particular, but I believe the budgets we have before us today will assure we are able to maintain the level of quality and excellence that our students expect and deserve.”

Regent White said “I support the budget and recognize how hard the administration has been working to keep the quality of the UM at it’s highest, and also try to keep it as affordable as possible.”

#### **Proposed Ann Arbor FY 2013-2014 General Fund Operating Budget, Student Tuition and Fee Rates**

On a motion by Regent Darlow seconded by Regent Richner, the Regents approved the Ann Arbor 2013-14 General Fund Operating budget, student tuition and fee rates, with Regents Bernstein, Darlow, Deitch, Diggs Richner and White voting in favor, and Regents Ilitch and Newman opposed.

#### **Proposed Dearborn Campus FY 2013-2014 General Fund Operating Budget, Student Tuition and Fee Rates**

On a motion by Regent White seconded by Regent Richner, the Regents approved the UM-Dearborn Campus 2013-14 General Fund Operating budget, student tuition and fee rates, with Regents Bernstein, Darlow, Deitch, Diggs Richner and White voting in favor, and Regents Ilitch and Newman opposed.

**Proposed Flint Campus FY 2013-2014 General Fund Operating Budget, Student Tuition and Fee Rates**

On a motion by Regent Darlow seconded by Regent Richner, the Regents approved the UM-Flint Campus 2013-14 General Fund Operating budget, student tuition and fee rates, with Regents Bernstein, Darlow, Deitch, Diggs Richner and White voting in favor, and Regents Ilitch and Newman opposed.

**Proposed 2013-2014 University of Michigan-Flint Residence Hall Rates**

On a motion by Regent Bernstein seconded by Regent Newman, the Regents approved the 2013-14 UM-Flint residence hall rates, with Regents Bernstein, Darlow, Deitch, Diggs, Newman, Richner and White voting in favor, and Regent Ilitch opposed.

**Proposed 2013-2014 University Housing Residence Hall and Northwood Community Apartments Rates**

On a motion by Regent Richner seconded by Regent Bernstein, the Regents approved the 2013-14 University housing residence hall and Northwood Community Apartments rates, with Regents Bernstein, Darlow, Deitch, Diggs, Newman, Richner and White voting in favor, and Regent Ilitch opposed.

**2013-2014 Fee Assessments for Central Student Government (CSG), Student Legal Services (SLS), and School/College Governments**

On a motion by Regent Bernstein seconded by Regent Deitch, the Regents unanimously approved the 2013-14 Fee Assessments for Central Student government, Student Legal Services, and school/college governments.

### **Proposed 2013-2014 University Health Service Fee**

On a motion by Regent Richner seconded by Regent Bernstein, the Regents unanimously approved the 2013-14 University Health Service Fee.

### **Proposed University of Michigan Hospitals and Health Centers (UMHHC) FY 2014 Operating Budget**

On a motion by Regent Newman seconded by Regent Diggs, the Regents unanimously approved the University of Michigan Hospitals and Health Centers FY2014 Operating Budget.

### **Revenue and Expenditure Operating Budgets for FY 2013-2014**

On a motion by Regent Bernstein seconded by Regent Richner, the Regents approved the FY2013-14 Revenue and Expenditure Operating Budgets, with Regents Bernstein, Darlow, Deitch, Diggs, Richner and White voting in favor, and Regents Ilitch and Newman opposed.

President Coleman then turned to the regular agenda.

### **Committee Reports**

**Finance, Audit and Investment Committee.** Regent Richner, member of the Finance, Audit and Investment Committee, said that he and Regent Bernstein met with Executive Vice President Slottow. The committee reviewed the Internal Audit and University Risk Assessment and FY2014 audit plan with Jeff Moelich, executive director of university audits. The committee also reviewed the Human Capital Report with Laurita Thomas, associate vice president for human resources, and Thomas Palmer, senior business analyst, and was joined by the Personnel, Compensation and Governance committee, Regents Ilitch and Newman.

**Health Affairs Committee.** Regent Darlow, chair of the Health Affairs Committee, reported that she and committee members Regents Deitch and Diggs met with Executive Vice President Pescovitz, Doug Strong, director, and chief executive officer of UMHHC, Dean Jim

Woolliscroft, Health System CFO Paul Castillo, and for a portion of the meeting, President Coleman, Dr. Skip Campbell, chief medical officer, and Director of UMH Health System Plannin, Tom Campbell, and Tim Lynch, general counsel.

The committee received a quality and safety update from Dr. Skip Campbell, chief medical officer, focused on hospital acquired infections. The committee received an update from Jeff Moelich, executive director of internal audits, CFO Paul Castillo provided an update on health system finances. The committee received a report on strategic initiatives.

**Personnel, Compensation and Governance Committee.** Regent Ilitch, chair of the Personnel, Compensation and Governance Committee, and committee member Regent Newman met with President Coleman, Vice President Churchill and Provost Martha Pollack. The committee received an update from the Chancellors of UM-Dearborn and UM-Flint. Laura Lein, dean of the School of Social Work, provided an institution quality update. The school is tied for first place in a national ranking of schools of social work. The Committee then joined the Finance, Audit and Investment Committee for the Human Capital Report.

### **Consent Agenda**

**Minutes.** Vice President Churchill submitted for approval the minutes of the meeting of May 16, 2013.

**Reports.** Executive Vice President Slottow submitted the Investment Report, and the Plant Extension Report. There was no University Human Resources Report.

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

**Research Report.** Vice President Forrest submitted the Report of Projects Established, July 1 – May 31, 2013.

**University of Michigan Health System.** Executive Vice President Pescovitz reported

**Division of Student Affairs.** Vice President Harper had no additional report.

**University of Michigan-Flint.** Chancellor Person recognized David W. Barthelmes, vice chancellor for business and finance, who is retiring this month, after 30 years of service.

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

**Central Student Government Report.** No additional report.

**Voluntary Support.** No additional report.

**Personnel Actions/Personnel Reports.** Provost Pollack spoke to the promotion of James L. Hilton to vice provost for digital educational initiatives.

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

**Memorials.** Vice President Churchill submitted three faculty memorials: **Steven E. Gradwohl**, M.D., clinical assistant professor of internal medicine; **Bryan L. Rogers**, Ph.D., professor of art and former dean; **David S. Rosen**, M.D., M.P.H., professor of pediatrics and communicable diseases, professor of internal medicine, and professor of psychiatry. She offered condolences to their families and their colleagues.

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

### **Internal Audit Report**

Executive Vice President Slottow reported on the University Internal Audits for February – April 2013.

### **Alternative Asset Commitment**

Executive Vice President Slottow reported on the University's follow-on investments with the previously approved partnerships: \$7.5 million with Accel London IV, L.P., and \$30 million with Coliseum Capital Co-Invest, L.P.

### **Alternative Asset Commitment and Absolute Return**

On a motion by Regent White, seconded by Regent Diggs, the Regents approved a commitment of \$15 million from the University's Long Term Portfolio to Trilantic Capital Partners V (North America), L.P., and a commitment of \$20 million to the Catalyst Fund Limited Partnership IV from the Long Term Portfolio.

### **West Hall Renovation for the College of Literature, Science, and the Arts**

On a motion by Regent White, seconded by Regent Diggs, the regents unanimously approved the West Hall Renovation for the College of Literature, Science, and the Arts as described and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

### **University of Michigan Hospitals and Health Centers University Hospital Critical Power Distribution Improvements**

On a motion by Regent White, seconded by Regent Diggs, the regents unanimously approved the University of Michigan Hospitals and Health Centers, University Hospital Critical Power Distribution Improvements project as described and authorized commissioning the engineering firm of exp US Services for its design, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

## **East Hall Renovation for Department of Psychology**

On a motion by Regent White, seconded by Regent Diggs, the regents unanimously approved the East Hall Renovation for Department of Psychology project as presented, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

## **Conflict of Interest Items**

President Coleman said the agenda includes seven conflict of interest items, each of which requires six votes for approval, and which would be approved via a single motion.

On a motion by Regent White, seconded by Regent Newman, the regents unanimously approved the following seven items:

### **Authorization for the University to transact with the University of Michigan Credit Union**

The Regents unanimously approved an agreement with the University of Michigan Credit Union (the “Company”) Patient Financing Services.

Because Paul Kirsch, University of Michigan employee, is also vice chair of the Company, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and its Department of Ophthalmology & Visual Science and the University of Michigan Credit Union.
2. The agreement is to provide financing services for patients of the Department of Ophthalmology & Visual Science for elective services typically not covered by third party reimbursement. The department pays a 5% fee per loan to UMCU. It is a three-year contract at an annual cost of approximately \$4,000.
3. The pecuniary interests arise from the fact that University of Michigan employee, Paul Kirsch, is vice chair of UMCU.

### **Authorization for the University to transact with Civionics, LLC**

The Regents unanimously approved an agreement with the Civionics, LLC (the “Company”) to purchase eight Narada USB Base Station high grain radio receivers.

Because Jerome P. Lynch, University of Michigan employee, is also owner of the Company, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and its Civil and Environmental Engineering Department and Civionics, LLC.
2. The agreement is for eight Narada USB Base Station high grain radio receivers to be used to enable a PC with wireless communication capability with the Narada wireless sensor used for research in infrastructure system monitoring. The total cost is \$1,610.
3. The pecuniary interests arise from the fact that University of Michigan employee, Jerome P. Lynch, is owner of Civionics, LLC.

### **Authorization for the University to purchase from Michigan Precision Instruments, LLC**

The Regents unanimously approved an agreement with Michigan Precision Instruments, LLC to purchase four custom designed multi-piece filter pack collector fittings.

Because Toby Donajkowski, University of Michigan employee, is also owner of the Company, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and its Environmental Health Science Department and Michigan Precision Instruments, LLC.
2. The agreement is for the purchase of four custom designed multi-piece filter pack collector fittings at a cost of \$2,040.
3. The pecuniary interests arise from the fact that University of Michigan employee, Toby Donajkowski, is owner of Michigan Precision Instruments.

### **Authorization for the University to enter into an agreement with Jazz Pie Music**

The Regents unanimously approved an agreement with Jazz Pie Music, to provide musical entertainment for a faculty honors event.

Because Christopher D. Smith, University of Michigan employee, is also a partner of the Company, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and its Office of Academic Affairs in the College of Engineering, and Jazz Pie Music.
2. The agreement is for musical entertainment for a faculty honors event at a total cost of \$3,600.
3. The pecuniary interests arises from the fact that University of Michigan employee, Christopher D. Smith is a partner at Jazz Pie Music.

#### **Authorization for the University to enter into an Agreement with Svaati Scientific, LLC**

The Regents unanimously approved an agreement with Svaati Scientific, LLC to fund a NASA (prime) SBIR Phase I project entitled “High-Resolution Silicon-based Particle Sensor with Integrated Amplification” (ORSP# 13-PAF05728) in the College of Engineering under the direction of Dr. Mark Hammig.

Because Professor Hammig, University of Michigan employee, is also partial owner of the Company, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and Svaati Scientific, LLC.
2. The terms of the Agreement conform to University policy. The period of performance for the project is approximately six (6) months. The amount of funding support will not exceed \$24,109.
3. The pecuniary interests arises from the fact that University of Michigan employee, Dr. Mark Hammig is partial owner of Svaati Scientific, LLC.

#### **License Agreement between the University of Michigan and Vanova Technologies, LLC**

The Regents unanimously approved an agreement with Vanova Technologies, LLC (the “Company”) to obtain a license agreement with the University’s rights associated with the following

technologies: UM OTT File No. 5513, entitled: “Scalable nanomaterials for energy-critical applications: method and applications.”

Because Dr. Roy Clarke and LS&A Graduate student Ibrahim Oraiqat are both University of Michigan employees, and also partial owner of the Company, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and Vanova Technologies, 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 will retain ownership of the licensed technology and may continue to further develop it, use it internally. No use of University services or facilities, nor any assignment of University employees is obligated or contemplated under the Agreement. Standard disclaimers of warranties and indemnification apply, and the Agreement may be amended by consent of the parties, such as adding related technology. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

3. The pecuniary interest of Dr. Clarke and Mr. Oraiqat arises from their ownership interest in Vanova Technologies, LLC.

### **Research Agreement between the University of Michigan and ePack**

The Regents unanimously approved an agreement with ePack (the “Company”) to support a Research Agreement with the university through a project titled “Small Business ERC Collaborative Opportunity Package Prototyping of the Environment Resistant Package (ERP) with Commercial Sensor and Oscillator Companies.

Because Dr. Kahalil Najafi and Mr. Joseph Giachino, University of Michigan employee, is also partial owner of the Company, this agreement falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and ePack.
2. The terms of the agreement conform to University policy. The period of performance for the project is approximately 15 months. The amount of funding support will not exceed \$60,782. Since research projects are often amended, this agreement will include provisions for changes in the time, amount and scope of each supported project. University procedures for approval of the terms and conditions governing the amended work will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interests of Dr. Khalil Najafi, and Mr. Joseph Giachino arise from their ownership interest in ePack.

### **Approval of Michigan Health Corporation (MHC) Annual Business Plan and Budget**

On a motion by Regent Ilitch, seconded by Regent Bernstein, the regents unanimously approved the Michigan Health Corporation Annual Business Plan and Budget.

### **Approval of Establishment of the Division of Integrative Systems and Design, College of Engineering**

On a motion by Regent Diggs, seconded by Regent Richner, the regents unanimously approved the establishment of the Division of Integrative Systems and Design, College of Engineering.

### **Approval of Academic Calendar for 2015-2016 for the University of Michigan-Dearborn**

On a motion by Regent Diggs, seconded by Regent Darlow, the regents unanimously approved the Academic Calendar for 2015-16 for the University of Michigan-Dearborn.

### **Public Comments**

Regents heard comments from the following individuals on the topics listed: Kevin Mersol-Barg, alumnus, on tuition equality; and Elijah Robinson, on the future.

### **Adjournment**

There being no further business, the meeting was adjourned at 4:50 p.m. The next meeting will take place on July 18, 2013.