

**Approved by the
Regents
May 21, 2015**

APRIL MEETING, 2015

*The University of Michigan
Ann Arbor
April 16, 2015*

The regents met at 3:35 p.m. in the Anderson Room, Michigan Union. Present were President Schlissel and Regents Behm, Bernstein, 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, Executive Vice President Runge, Chancellor Little, Vice President Lynch, Vice President May, Provost Pollack, Vice President Rudgers, and Vice President Wilbanks. Regents Deitch and Ilitch were absent.

Call to Order and President's Opening Remarks

President Schlissel called the meeting to order. The meeting was temporarily disrupted; after a short break the meeting continued. President Schlissel welcomed Executive Vice President and Chief Financial Officer Kevin Hegarty to his first Regents' meeting, and thanked Doug Strong for his excellent work as the interim CFO.

He announced that Life Sciences Institute Director, Alan Saltiel, is leaving UM in August after 13 outstanding years of service. A nationwide search for a new director will begin immediately and an interim appointment of Steve Weiss, professor of medicine and professor of oncology, is included as a supplemental item for the Board's consideration.

President Schlissel noted that this is the final meeting for CSG President Bobby Dishell, whom he described as an active leader and valuable resource regarding the student experience and perspective at UM. He welcomed President-elect Cooper Charlton and Vice President-elect Steven Halperin.

President Schlissel said, “I want to take a moment to address some of the issues that arose last week over the scheduling of the film American Sniper at a social event on campus. These issues are ones we must learn from and become better at dealing with as a campus community. The showing was originally canceled following concerns voiced by members of our Muslim student community that the UMix event was not the right venue for this film. The cancellation was then protested – with concerns of free speech and freedom of choice at issue. We showed the film as originally scheduled, while also providing an alternative option.

“The cancellation was a mistake. Our commitment to freedom of speech and expression must be a fundamental principle especially here in the university environment, where exposure to challenging and sometimes uncomfortable ideas can stimulate thoughtful analysis and discussion that may lead to greater understanding. But at the same time, we struggle with an inherent tension for those who feel marginalized or hurt by certain types of speech. Muslim students on our campus have shared some of their painful experiences with me in the wake of what happened last week. I read some of the hateful and threatening comments they received. Hate speech and threats have no place at the University of Michigan.

“There are no perfect, or even easy, answers here. The underlying values are at odds, but we must work through these types of situations to achieve a balance that will allow us to grow as individuals and as an institution of higher learning.”

President Schlissel continued, commending three faculty members who were honored with Guggenheim Fellowships: Christiane Gruber, associate professor of Islamic art; Howard Markel, professor of the history of medicine; and Eran Pichersky, professor of molecular, cellular and developmental biology.

In more good news, the University of Michigan Health System was ranked as the nation's 26th best employer by *Forbes* magazine. He congratulated the Health System, which also won, for the 12th time, the Practice Green Health Award for environmental leadership.

President Schlissel spoke of participation in Detroit Partnership Day, with student volunteers around the city, and the Dance for Mother Earth Powwow, a UM tradition for 43 years that was presented by the Native American Student Association.

In response to the injury of a student football player last September, President Schlissel said that he requested a thorough review of in-game safety procedures. He received a report from the Athletic Department, which he then shared with three national experts for an external review. The reviewers were extremely positive about the program. There were areas of necessary improvement identified by them and by the UM medical team, and those improvements have been completed or are underway. The final report has been posted on the UM website.

President Schlissel said that he is looking forward to his first spring commencement at UM, and to celebrating the investiture of colleague UM-Flint Chancellor Sue Borrego on Friday, April 17.

Presentation: Senate Advisory Committee on University Affairs (SACUA) Annual Report

Provost Pollack introduced Scott Masten, chair of SACUA, and professor of business economics and public policy in the Ross School of Business.

Professor Masten began by saying that the expectations of SACUA regarding the new president have been fulfilled. He spoke of progress made on two significant items during this past year. First was the creation of a new policy on temporary removal of faculty for lack of fitness for duty. This was a small but important example of how cooperation and discussion can lead to better policies. Second was the inquiry and report on the procedures and practices of the

Office of Intuitional Equity as they apply to faculty on all three campuses. There were faculty concerns regarding investigations taking place. Their report details deficiencies in procedures and practices that amount to a serious lack of due process. Most importantly, there is no appeals process for decisions from that office. This prohibition of faculty appeals stands in stark contrast to the Statement of Student Rights and Responsibilities, which includes an appeals process. Provost Pollack and President Schlissel have committed to finding ways to make improvements in this arena that will result in better policy. He said that SACUA had hoped to also revise the policy on professional standards for faculty, which is viewed as too vague and broad.

Provost Pollack thanked Professor Masten for his work, saying she felt they made a lot of progress. Regent Newman also expressed appreciation for his work with the Regents' Personnel, Compensation and Governance Committee, and that she enjoyed getting to know him.

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 joined with the Health Affairs Committee, which includes Regents Diggs and Ilitch, as well as Kevin Hegarty, executive vice president and chief financial officer, Marschall Runge, executive vice president for medical affairs, Paul Castillo, chief financial officer of the health system, and Tony Denton, acting CEO of the hospitals and health centers, to review the UMHS Five Year Strategic Financial Framework.

The Finance, Audit and Investment Committee then met with Vice President Hegarty, Eddie Washington, executive director of the department of public safety and security, and, Laura Patterson, chief information officer and associate vice president, for an update on emergency notification for the University. The committee also discussed signature delegation authority

limits with Vice President Kevin Hegarty, Tom Blessing, associate general counsel, and Nancy Hobbs, interim associate vice president for finance.

Health Affairs Committee. Regent Diggs reported that she and committee member Regent Ilitch met with Jeff Moelich, executive director for university audits, who provided the quarterly update on internal audits, and Tony Denton, acting CEO for hospitals and health centers, who provided a summary of the March hospital executive board meeting. Dr. Marschall Runge, EVPMA, gave an update on strategic initiatives and noted that the medical school ranked in the Top 10 in the *US News and World Report* for both research and primary care. Research was tied for 10th (up from 12th last year) and primary care was tied for 5th (up from 8th last year). Paul Castillo, chief financial officer, gave the annual UMHS Strategic Financial Framework, a multi-year financial model for investment capacity. The committee received a fact sheet on the Transplant Center.

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. Scott Masten, SACUA chair, and professor of business economics and public policy in the Ross School of Business, provided the SACUA Annual Report. Chancellor Little gave an update on the UM-Dearborn campus. Law School Dean Mark West and Provost Pollack provided an update on the Law School.

Consent Agenda

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

Reports. Executive Vice President Hegarty submitted the Investment Report as of February 28, 2015 and the Plant Extension Report and the Regents Report on Non-Competitive Purchases over \$10,000 from Single Sources for December 16, 2004 – March 15, 2015. There was no University Human Resources Report.

Litigation Report. Vice President Lynch submitted the Litigation Report.

Research Report. Interim Vice President Hu submitted the Report of Projects Established, July 1 – March 31, 2015.

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

Student Life. Vice President Harper noted that this is the last meeting for Central Student Government leaders Bobby Dishell and Emily Lustig. She thanked them, saying that Mr. Dishell was instrumental in communicating the needs of students and was a respected voice and strong advocate for self-governance and mental health issues.

University of Michigan-Dearborn. Chancellor Little said that UM-Dearborn commencement will take place on Sunday, April 26, and that the speakers will be Timothy D. Leuliette, director of Visteon, and City Year Detroit Executive Director, Penny Bailer. He noted the recent celebration of the 37th Susan B. Anthony Awards. The Campus Award recipient was Karen Holland, Office of the Chancellor, special events coordinator, and the Community Award recipient was Deb Kennedy, executive director, AAUW Wyandotte-Downriver and secretary, Michigan AAUW Board of Directors. The keynote speaker was Wayne County Prosecutor Kym Worthy.

University of Michigan-Flint. Chancellor Borrego said that the Michigan Campus Compact recognized ten UM-Flint students, and one of them received the Outstanding

Community Impact Award. UM-Flint commencement is May 3 and the speaker will be Sandra Tsing Loh of NPR's *The Loh Down on Science*. She said that inaugural events this week have raised awareness about UM-Flint and included activities in local African-American churches, and on campus with student celebrations. She said, "Thank you all for your support. I can't imagine being part of any greater team."

Central Student Government Report. Central Student Government (CSG) President Bobby Dishell thanked President Schlissel and Vice President Harper for their kind words. He spoke of the changes, challenges, opportunities and progress, made on a variety of issues including bus service, Athletics, and student health and safety. He thanked CSG Vice President Emily Lustig for her assistance in promoting student self-accountability through the Honor Pledge, and his many student peers who worked together with him this year. He introduced incoming CSG President Cooper Charlton, and Vice President Steven Halperin.

Regent Newman mentioned that she met Mr. Dishell's parents last month. She said, "I've been here a long time, and there have been a lot of CSG Presidents, some you remember and some you don't. You will be remembered. You had a fascinating year. You did a marvelous job. You were involved in many issues, carried yourself beautifully, represented the student body well, and you did an amazing job and will be remembered for all the good work that you and your team did this year." She asked what his plans were for next year.

Mr. Dishell said that he was going to be a secondary English teacher through Teach for America in Baltimore, while pursuing a master of science in education at Johns Hopkins.

Regent White said, "It's the two years that you have served that have made the difference. You were the vice president last year, and you really helped us through our search process to select our 14th president. You've done an incredible job and shown amazing

leadership in tough times, and I really appreciate that. The whole board has been impressed with you, and we are very much looking forward to you coming back and visiting us. You are part of the Michigan family now. Do not be a stranger.”

Mr. Cooper thanked Mr. Dishell for serving as a role model. He is studying political science, philosophy and economics, and said his approach to success is built on confidence, respect, and the execution of great ideas.

Voluntary Support. Vice President May gave an update on several recent gifts to the Arts from several alumni, including long-time, active donors William and Delores Brehm, Chip Davis who founded the Mannheim Steamrollers, and Harris Schwartzberg through the Steve Schwartzberg Foundation. Each gave a generous gift to help support a music technology studio that will be part of the Earl V. Moore Building Renovation and Brehm Pavilion project on the meeting agenda for approval.

Personnel Actions/Personnel Reports. Provost Pollack presented a supplemental appointment recommendation appointing Daniel G. Brown as the interim dean of the School of Natural Resources and Environment, effective June 1, 2015 through June 30, 2016.

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

Memorials. Vice President Churchill submitted a memorial statement for Ananthakrishnan Aiyer, Ph.D., associate professor of anthropology, program director, and chair of the Department of Sociology, Anthropology, and Criminal Justice, UM-Flint.

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

Alternative Asset Commitments

Executive Vice President Hegarty reported on the University's follow-on investments with previously approved partnerships with a commitment of \$15 million to Emergence Capital Partners IV, L.P.; \$40 million to Athyrium Opportunities Fund II, L.P.; and \$30 million to Magna Hotel Fund V, L.P.

Alternative Asset Commitments

On a motion by Regent White, seconded by Regent Newman, the regents unanimously approved a commitment of \$100 million from the Long Term Portfolio to The Mitchell Group.

On a motion by Regent White, seconded by Regent Behm, the regents unanimously approved a commitment of \$25 million from the Long Term Portfolio to Balboa Retail Fund I, L.P.

New Robotics Laboratory

On a motion by Regent White, seconded by Regent Diggs, the regents unanimously approved the New Robotics Laboratory project and authorized commissioning Harley Ellis Devereaux for its design.

Transportation Operations and Maintenance Facility

Christopher D. Vogelheim, of AECOM (formerly URS) presented the schematic design for the project that will replace the current Transportation Services building to accommodate larger buses and equipment in a more centralized location. After Transportation Services has been relocated, additional parking spaces will be available for commuters and events.

On a motion by Regent White, seconded by Regent Bernstein, the regents unanimously approved the schematic design for the Transportation Operations and Maintenance Facility.

North Quadrangle Residential and Academic Complex Roof Repairs

On a motion by Regent White, seconded by Regent Diggs, the regents unanimously approved the North Quadrangle Residential and Academic Complex Roof Repairs project, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

Earl V. Moore Building Renovation and Brehm Pavilion

On a motion by Regent Bernstein, seconded by Regent Behm, the regents unanimously approved the revised project scope and budget for Earl V. Moore Building Renovation and Brehm Pavilion.

University of Michigan Hospitals and Health Centers, North Campus Research Complex Buildings 30, 35, 36, and 60, University Hospital and University Hospital South Clinical Pathology Laboratories Relocation and Renovation

On a motion by Regent White, seconded by Regent Diggs, the regents unanimously approved the University of Michigan Hospitals and Health Centers North Campus Research Complex Buildings 30, 35, 36, and 60, University Hospital and University Hospital South, Clinical Pathology Laboratories Relocation and Renovation project as described, and authorized commissioning Tsoi/Kobus and Associates for its design.

President Schlissel said the agenda includes seven conflict of interest items, each of which requires six votes for approval. On a motion by Regent White, seconded by Regent Newman, 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 the company

listed in the spreadsheet that is part of the regents' communication. The space will be utilized as office and lab space for research and business operations. 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) Genomenon, 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. The lease durations including all options for renewal are outlined in the spreadsheet. The lease will use the standard University of Michigan Venture Accelerator lease template. Tenants will pay the rates as stipulated in the attached spreadsheet for the current term and option years as indicated with a monthly rate for the current term as follows: 1) \$315. The company will be responsible for providing monthly updates concerning their business progress to the University of Michigan's Office of Technology Transfer, and will have access to Office of Technology Transfer personnel for advice concerning obtaining technology assessment, business consulting, technical assistance, capital raising, or other business services.
3. The pecuniary interest arises from the fact that the individuals listed on the spreadsheet (and listed below) for the company are University of Michigan employees and owners and/or officers of each respective tenant company: 1) Kojo S. J. Elenitoba-Johnson, Mark J. Kiel, and Megan S. Lim.

Authorization for the University to Contract with Roberts & Limbrick Enterprises, LLC

The Regents unanimously approved an agreement with Roberts & Limbrick Enterprises, LLC. (the "Company"), to provide parent engagement workshops for the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP).

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

1. The parties to the contract are the Regents of the University of Michigan and its College of Engineering Center for Engineering Diversity and Outreach and Roberts & Limbrick Enterprises, LLC.
2. The agreement is to conduct four workshop sessions at a cost of \$1,200 per session plus expenses for a total not to exceed \$6,000.
3. The pecuniary interest arises from the fact that University of Michigan employee, Byron Roberts is a Partner of Roberts & Limbrick Enterprises, LLC.

Authorization for the University to Contract with SwirlTech, LLC

The Regents unanimously approved the extension of the current contract with SwirlTech, LLC (the “Company”) for website management and support including the addition of web hosting services.

Because University of Michigan employee, Michael Hess, is 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. The parties to the contract are the Regents of the University of Michigan and its student newspaper, Michigan Daily and SwirlTech, LLC.
2. The agreement is for website management, support, and hosting services for a term of 6 years through 9/1/2021. The total amendment value is not to exceed \$264,000.
3. The pecuniary interest arises from the fact that University of Michigan employee, Michael Hess owner of SwirlTech, LLC.

Authorization for the University to transact with Akadeum Life Sciences, LLC

The Regents unanimously approved an agreement with Akadeum Life Sciences, LLC (the “Company”) the purchase of 13 kits containing glass microbubbles coated with Streptavidin.

Because John Younger, University of Michigan employee, is 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 multiple University Departments and Akadeum Life Sciences, LLC.
2. The agreement is for the purchase of kits containing glass microbubbles coated with Streptavidin to be used in experiments. The term of the agreement is one year for a total cost of \$8,600.
3. The pecuniary interest of John Younger, arises from his ownership interest in Akadeum Life Sciences, LLC.

Material Transfer Agreement between the University of Michigan and Invenio Imaging, Inc.

The Regents unanimously approved a material transfer agreement with Invenio Imaging, Inc. (the “Company”) to obtain de-identified human brain tumor tissues from Dr. Daniel Orringer’s laboratory at the University of Michigan to validate the performance of a Stimulated Raman Spectroscopy microscope for potential clinical use.

Because University of Michigan employee, Professor Daniel Orringer, 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 Invenio Imaging, Inc.
2. The Material transfer agreement terms include granting the Company the right to use the materials solely for the above-referenced purpose. The Company will not provide the materials to any third party and will provide all the data and results to the University. The University will retain ownership of the 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. 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. Daniel Orringer arise from his ownership interest in Invenio Imaging, Inc.

License Agreement between the University of Michigan and Phase Four, LLC

The Regents unanimously approved a license agreement with Phase Four, LLC (the “Company”) to license from the University of Michigan the University’s rights associated with the following technologies: UM OTT File No. 5788, entitled: “Converging/Diverging Magnetic Nozzle;” and UM OTT File No. 5789, entitled: “Electrodeless Plasma Thruster.”

Because Professors Benjamin Longmier and Dr. JP Sheehan, University of Michigan employees, 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 Phase Four, 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 as well as in collaborations with other research institutions. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the Agreement. Standard disclaimers of warranties and indemnification apply, and the Agreement may be amended by consent of the parties, such as adding related technology. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interests of Drs. Longmier and Sheehan arise from their ownership interest in Phase Four, LLC.

Material Transfer Agreement between the University of Michigan and PhasiQ, Inc.

The Regents unanimously approved a material transfer agreement with PhasiQ, Inc. (the “Company”) to provide to Dr. Shuichi Takayama’s laboratory in the Department of Biomedical

Engineering at the University of Michigan certain dimpled microplates for determining their effectiveness and utility in droplet rehydration dynamics and immunoassays.

Because University of Michigan employee, Professor Shuichi Takayama, 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 PhasiQ, Inc.
2. Material transfer agreement terms include granting the University the right to use the materials for the above-referenced purpose. The University will not provide the materials to any third party and will provide all the results to the Company. The Company will retain ownership of the materials. 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. 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. Shuichi Takayama arise from his ownership interest in PhasiQ Inc.

Public Comments

Regents heard comments from the following individuals on the topics listed: Daniel Wu, student, on Divest Invest; Daniel Bloch, student, on individualized diploma opportunity; Ellen Loubert, student, on divestment from coal and oil; Luke Barwikowski, student, on revision of the Fall 2015 academic calendar; and Mark Majkowski, alumni, on advocacy for disabled student.

Regent Bernstein said, “On a personal level I am deeply frustrated and disappointed in the conduct of some of our students and other people who attended this meeting, not because it was moderately disruptive, but because it is so misguided and damaging to an important cause. I’m speaking as a person who was chair of the Michigan Civil Rights

Commission in 2006 during the fight over affirmative action and Proposal Two. I'm also speaking as a Regent who recognizes the mission of our university is to address the most complex and consequential issues of our time, and to teach our students how to do so in a way that is collaborative, thoughtful, legal, effective and lasting. This kind of conduct flies in the face of that, and these tactics and the position advocated do a great disservice to an important cause and are completely ineffective – perhaps even counter productive – and that is a great shame. We need to make progress together on this important priority.”

Regent Newman said, “I want to echo Regent Bernstein in that there is an important lesson here to be learned. This is a very accessible board and very accessible university and we take problems seriously. Actions that happened today turned the story into something other than what's important. It turned the story into ‘there was violence at UM’ and that is not what this is about. Everybody is sensitive to the issues, but today I wasn't even sure what the issue was that was being protested. It's unfortunate because it takes time away and takes us away from focusing on the types of problems that we need to focus on.”

Adjournment

There being no further business, the meeting was adjourned at 4:53 p.m. The next meeting will take place on May 21, 2015 on the UM-Dearborn campus.