

JUNE MEETING, 2023

*The University of Michigan
Ruthven Building
June 15, 2023*

The regents met at 4:00 p.m. at University Hall, Ruthven Building and by a livestream link on the university gateway. Participating were Regents Acker, Behm, Hubbard and Weiser. Regents Bernstein, Ilitch and White participated via Zoom; Regent Brown was absent. Also attending were Vice President Baird, Executive Vice President Chatas, Vice President Churchill, Vice President Cunningham, Chancellor Dutta, Chancellor Grasso, Vice President Harmon, Vice President Hunter, Vice President Kolb, Vice President Lynch, Provost McCauley, Vice President Pendse, and Executive Vice President Runge.

Call to Order and Opening Remarks President Ono called the meeting to order and said, “Since we’ll be discussing our budget today, it’s appropriate to begin by examining how we are giving back as a university: what we are doing to build our community and have a positive impact on our society. I’m pleased to report we’re having a profound impact across our region, our state and our nation. We discussed that impact at the recent Mackinac Policy Conference, and simply to provide a couple of examples: UM’s annual research volume exceeds \$1.7 billion. We are one of the largest employers in Michigan, and this past fiscal year, our research enterprise contributed \$126 million to the state’s economy directly through the purchase of goods and services. In fact, over the past five years, we’ve contributed more than half-a-billion dollars to Michigan-based companies supplying goods and services in support of our research projects.

“We’ve also generated more than 500 new invention discoveries and launched 21 new startup companies through our Innovation Partnerships office. This is just the beginning, since our researchers, scholars and external partners are relentlessly advancing knowledge, solving challenges, developing new innovations and opening new horizons. Last month we announced that we are investing \$55 million to launch a multidisciplinary Quantum Research Institute, which will expand our work in this developing field, as well as better prepare students for leadership roles in the future quantum workforce.

“In addition, we will be using a nearly \$10 million dollar federal grant to assist in efforts to deploy cellular-to-everything technology, which will enable a new generation of cars to exchange safety-enhancing data with the world around them. We’re also working with our partners across the state to establish an Electric Vehicle Center, a Semiconductor Talent Action Team and a Global Semiconductor Center of Excellence.

“So as we go into our budget discussions, let us reaffirm our commitment to lead in education and scholarship, excellence and impact. I’d also like to give a special thanks to our leadership team for the presentations they’re about to offer. Their work reflects months of care, deliberation and consultation, and it, along with the decisions we’re about to make, will guide our footsteps in the fiscal year ahead.”

Public Comment

The regents heard comments from Jim Mogensen, citizen, on the UM Health System budget.

Proposed budgets, housing rates and fees

Ann Arbor FY 2023-2024 General Fund Operating Budget, Student Tuition and Fee rates

Provost McCauley said, “The proposed fiscal year 24 budget advances our highest priorities, builds on our strengths, and sets the stage for a bold era of change. The UM has a longstanding commitment to access and affordability. Our aid packages for in-state students meet 100% of the demonstrated financial need for all Michigan resident undergraduates. We are especially pleased to announce that the fiscal year 24 budget allows us to expand our signature financial aid program for Michigan resident undergraduates, The Go Blue Guarantee which provides free tuition for families with up to \$75,000 in family income. Many families in this income range will qualify for further aid to meet the other costs of attendance.

“The aid budget also includes a commitment to provide summer support for our Ph.D. students, allowing those who were previously on eight-month appointments to make uninterrupted progress on their studies.

“The UM would not be a preeminent public university if it weren’t for the accomplishments of our world-class faculty and their dedication to excellence in teaching, service, and research. In 2024 a number of our schools and colleges are making strategic faculty hires to meet student demand and build capacity in key areas of scholarly strength.

“Approval of this budget supports excellence in areas that touch many parts of our campus. Key among these is sustainability. In fiscal year 24 we complete the hiring of key leadership positions and fund collaborative student programs such as the Planet Blue Ambassadors.

“Our community requires a safe environment in which to work and learn. The budget makes strategic investments in training and prevention in areas of life safety and harm prevention, as well as in protecting our physical campus.

“Our outreach brings the strengths of our campus into the communities we serve. Among these are new and ongoing engagements in Detroit, where we aspire to be strong partners in economic mobility, community building, and job growth. In fiscal year 24 we also will expand a successful collaboration between the College of Engineering and the Institute for Social Research to conduct promising research on rural life and address the unique challenges in these areas.

“The goals of this budget plan could not be attained without ongoing fiscal discipline. The fiscal year 2024 budget recommendation contains substantial savings realized through reductions and reallocations, and shifting general fund expenses to other sources of income such as the support of our generous donors.

“For example, units across campus have restructured appointments and realigned staff where attrition and retirements create those opportunities. A number of schools and colleges have reported moving recruitment activities online to save the cost of travel as well as support our sustainability goals. Through these and many other strategic efforts, units across the campus have identified \$31 million in funds to direct toward new, high-priority initiatives. This work substantially reduces the pressure on tuition, which would be significantly higher without this ongoing crucial scrutiny on containing costs.

The UM remains committed to keeping a world-class education accessible for all Michigan families, regardless of financial means. We demonstrate our commitment in several ways: annually, UM awards grants and scholarships in excess of \$360 million to undergraduates, approximately \$300 million of which comes from institutional sources; for resident students, the proposed increases to financial aid in fiscal year 24 ensure that student aid keeps pace with the

tuition increases for students with need. Support for this budget recognizes the importance of our sustained investments to make UM affordable.

“Let me now turn to our proposed tuition rates for the coming year. The budget is based on a recommended undergraduate tuition increase of 2.9% for in-state undergraduates. Rates for out-of-state undergraduates would increase 4.9%. For graduate programs, the budget proposal includes an increase of 4.9%, with a limited number of differential increases for specific graduate programs.

“We are grateful for an expected increase in state funding of 5.1% over last year; these funds help the University to meet its mandatory and inflationary cost increases. We remain aware, however, that the anticipated appropriation of \$357 million is below the amount the University received twenty years ago. We hope for a future of sufficient and sustained funding as we work together to build a better future for our great State.

“I would like to thank our faculty, staff, and board members for your steadfast commitment to uphold the excellence of this world-class institution. And in particular, I would like to extend gratitude to the budget team, who ensure our resources are carefully and strategically deployed to make our efforts possible.”

2023-2024 University Housing Residence Hall and Northwood Community Apartment Rates; University Health Service Fee; Fee Assessments for Central Student Government (CSG), Student Legal Services (SLS), and School/College Governments; and the CSG Financial Report (information only)

Vice President Harmon said, “Given Student Life’s 10-year financial model for Michigan Housing and how critical housing affordability is for UM students, we propose a 5.2%

rate for FY24. This reflects inflationary pressures, the costs of investing in Housing and Dining staff, and the continued need to address significant deferred maintenance needs of residential Facilities. Michigan Housing room rates will remain significantly more affordable than other options within one mile of Central Campus Housing, which are at least 50% more expensive.

The University Health Service recommends renewal of the Health Service Fee at \$209.74 per student per term for FY24. This represents no change from the current fee, as projected ongoing mandatory cost increases would be fully supported by cost reductions and increased revenues. The UHS budget supports essential mental health initiatives such as six free counseling sessions per term for all UM students.

“This year, the Central Student Government believes that the current fee structure will provide adequate funding for the coming fiscal year. Additionally, Student Life believes the school and college governments and Student Legal Services will have sufficient resources for 2023-2024 under their respective current fee structures. Therefore, I recommend that the Board of Regents approve the following fees for 2023 to 2024: \$11.19 per student per term for CSG; \$1.50 per student per term for the school and college governments, and; \$8.50 per student per term for SLS. These fees represent no change from 2022-2023.”

Flint Campus FY 2023-2024 General Fund Operating Budget, Student Tuition and Fee Rates, and Residence Hall Rates

Chancellor Dutta said “For the next fiscal year, UM-Flint is proposing a 4.9% increase in tuition for in-state undergraduate students. This increase is below the state cap of \$676.

We are also proposing a 4.9% increase for graduate tuition for the 2023-2024 academic year.

In keeping with our focus on affordability, we do not propose any increase in fees and we will

increase institutional financial aid by \$1 million.

For housing and meal plans we are requesting a 5% increase in room rates and meal plan costs. UM-Flint's tuition is the third lowest among the 15 public universities in the state of Michigan and its housing rates are the second lowest. Through this budget, we are committed to supporting the success of our students, faculty and staff while prioritizing affordability and accessibility.

FY 2023-2024 General Fund Operating Budget, Student Tuition and Fee Rates, Dearborn Campus

Chancellor Grasso said, "The proposed 2023-24 General Fund budget for UM-Dearborn aligns with the campus mission reflects a 5.5% increase in the state appropriation over the 2022-2023 budget. Approximately 95% of our state appropriation funding will be used for financial aid for our students.

"The proposed undergraduate tuition and fee increase for lower division residents is 4.4%, an increase of \$312 per term. The proposed undergraduate tuition and fee increase for non-residents at the lower division is 6.0%, an increase of \$888 per term. The proposed graduate tuition and fee increase for residents is 4.4%, an increase of \$396 per term, and non-residents is 6.0%, an increase of \$972 per term. Also incorporated into the budget are funds to support projected costs for contractual faculty and staff wage increases, a minimum wage increase, and other various inflationary increases.

FY 2024 UMHS and UM Health Operating Budgets

UMHS President Miller said, “We are a complex healthcare organization focused on strategic priorities reflected in the concept of building our BASE: B is belonging and inclusion, A is access, S is safety and quality, and E is experience.

“For belonging and inclusion, we've identified two specific patient populations where we will focus: racial disparities in blood pressure management for adults, and access to pediatric flu immunizations for all children. For access, we continue to grow and advance in support of communities across the state. We've done this through strong community partnerships and established a true statewide network for clinical care delivery.

“Our focus on safety and quality is an everyday commitment and we've identified a new measure of patient harm reflecting unfortunate events like falls or bleeding after surgical complications that represent key areas and opportunities for improvement. Importantly, a year ago we were ranked in the 39th percentile for academic institutions with respect to experience. We learned a lot of the issues at play relate to respect, communication and trust. We worked hard on this, and I'm proud to share that this year we are at the 63rd percentile.

“While we do this, we continue to be recognized for the excellence we provide every day. We are one of only eight hospitals in the entire country to achieve the highest rankings on elite hospital safety.

“Our budget is based on the clinical activity that is available 24 hours a day, seven days a week, 365 five days a year. And across our entire system in FY 2024, we anticipate providing life changing care for nearly 90,000 hospital discharges, and more than 6 million outpatient encounters.

“The entire university of Michigan Health network operating revenue is about \$7.5 billion, and expenses are just below \$7.5 billion resulting in an estimated operating margin of .7% and an operating class/flow margin of 4.5%.

“Michigan medicine will continue to build our BASE, focus relentlessly on clinical and operational excellence, delivering the best possible care to our patients in our community every time. I will close by thanking our incredible teams for the work they do every day to support patients and communities.”

FY 2024 UM Athletic Department Operating Budget

Athletic Director Manuel said, “To remind people of what we focus on: everyone is winning in the classroom and on the field; we are developing young people, doing things within the rules, and having fun. Athletics should not only be about our teams and our staff, but also our fans having fun supporting our student athletes.

“And our students have achieved in a big way this year: 491 All Big Ten selections out of approximately 950 student athletes; and 695 students with an academic achievement award of a 3.0 or higher. That is a record.

“In this year's graduating class we have three individual national champions. Freshman Fred Richards won three individual national men's gymnastics championships. Mason Parris won a national championship for wrestling. Also, Savanna Sutherland just won the NCAA 400 meter track individual championship this past week.

“We set a Big Ten record with 13 conference championships, and we had four of our student athletes named national players of the year. Actually, Dr. Miller's daughter led the

women's tennis team all the way to the Elite Eight. And we had 35 individual Big Ten champions, and 44 All-Americans.

"I'm proposing a balanced budget of \$214.5 million. We have one less home football game this year resulting in a decrease in ticket revenue of \$8.7 million but we have an increase from the conference of \$5.2 million, some of that is television, and is distribution from BTN."

Revenue and Expenditure Operating Budgets for FY 2023-2024

EVP Chatas said, "This is an annual request brought before the board for approval of the university's operating budget in terms of revenues and expenses broken down by fund type. The FY 2023-2024 operating budget demonstrates an ability to cover recurring revenue sources, planned operating expenses, targeted strategic investments in mission activities, and debt service obligations. In addition, the university is in a very strong financial position and maintains healthy operating reserves that provide excellent financial flexibility to the institution. This strong financial position is externally validated by the university's bond ratings that carry a stable outlook. We recommend the revenue and expenditure operating budgets for fiscal year 2023-24 for approval.

President Ono called for a vote. On a motion by Regent Hubbard, seconded by Regent Acker, the regents unanimously approved the Revenue and Expenditure Operating Budgets for FY 2023-2024.

Nomination of officers

Regent Behm 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 Sarah Hubbard as chair, and Regent Kathy White as vice chair, effective July 1, 2023 through June 30, 2024.” Regent Acker seconded the motion and it was carried unanimously.

Regent Acker thanked Regent Brown for his leadership and service in a year that included a lot of transition.

Incoming Chair report

Regent Hubbard said, “As I step into the role of chair, I am eager to focus our economic development toward examining and furthering the economic impact of the UM. We are not only an institution of learning but a significant economic driver for our state. It is my mission to see this impact expanded and deepened so that our work here benefits not just our students, but every citizen of Michigan.

“I am also excited to engage our board with the life and gems unique to our campus. Earlier this spring, I was fortunate enough to tour the Bentley Library, an experience that left me enamored with our university’s history. I look forward to scheduling visits to other treasures like the Clements Collection, The Detroit Observatory, and more. This is a vibrant ecosystem of history, knowledge, and inspiration.

“I am excited to work closely with Regent White, our vice chair, President Ono, and all of our fellow regents and executive officers. Together, we will continue to uphold the legacy of this great institution and push the boundaries of what’s possible..”

Committee Reports

Health Affairs Committee Regent Weiser reported that the Health Affairs Committee met this morning and received updates on research innovation efforts, Michigan Medicine finances, and UM Health.

Finance, Audit and Investment Committee Regent Hubbard reported that the FAI Committee met today and reviewed the FY 2024 audit plan, and received an update on the University consolidated budget and five-year financial forecast.

Consent Agenda

Minutes. Vice President Churchill submitted for approval the minutes of the meetings of May 18, 2023.

Reports. Executive Vice President Chatas submitted the Investment Report, the Plant Extension Report, and the University Human Resources Report.

Litigation Report. Vice President Lynch had no report.

Research Report. Vice President Cunningham submitted the May 2023 Research Award and Expenditures Report.

University of Michigan Health System. Executive Vice President Runge said, “We are pleased to share that as of last night, we have reached a tentative agreement with the House Officers Association (HOA). This new four-year contract will be voted on by HOA members in the coming days. Their current three-year contract expires on June 30, 2023. The House Officers Association was recognized by the UM Board of Regents in 1974 and has over 1,200 members. They also occupy a unique employment classification since they are employees of the institution and trainees who are completing their medical education. We recognize the important role our house officers play in the overall team, delivering safe and comprehensive care of our

patients, as well as learning and preparing themselves to be safe, independent healthcare providers. We want to express our appreciation for members of both bargaining teams for their time and talents throughout this process. We will share more once the contract is ratified.”

Executive Vice President Chatas said, “The university and skilled trades union have reached an agreement on a new 4-year contract. The union of approximately 500 employees on all three campuses are involved in the maintenance, repair and renovation of the university’s physical properties; the installation, maintenance and repair of biomedical equipment; and specialty services like cabinetry, signage and painting.

“Negotiations began on March 14, 2023, and concluded with a tentative agreement on May 25, 2023. Union members voted to ratify the agreement on June 6, 2023, and the new contract will run from June 7, 2023, through May 31, 2027. The university and Skilled Trades bargaining teams worked closely and collaboratively to reach an agreement that recognizes the value our Trades employees bring to the university.

“The contract includes annual wage increases for our trades employees including a 5% increase in year one with a 4% increase in each remaining year of the contract, a \$1500 ratification bonus, and a \$1000 retention bonus for current employees who remain with the university into the fourth year of the contract. We are thankful for the patience and professionalism exhibited by both bargaining teams throughout these negotiations which exemplified the value of collaborative good-faith bargaining in reaching an agreement at the table.”

Student Life. Vice President Harmon had no report.

University of Michigan-Dearborn. Chancellor Grasso reported on the pending approval of a new dean and professor of geography, with tenure, College of Arts, Sciences, and Letters, Dr. Dagmar Budikova. Paul Draus, professor of sociology and director, was recently named director of the UM Center in Midtown Detroit.

Dr. Cassandra Ulbrich, vice chancellor for institutional advancement, was selected as a Notable Leader in Fundraising, from Crain's Detroit Business this week. Cassandra has increased donor engagement raising nearly \$18 million. Our annual giving has increased more than 276%.

University of Michigan-Flint. Chancellor Dutta reported on the School of Nursing agreement with Trinity Health Michigan BSN program, and a prize winning for their design for a more patient friendly device to screen for cervical cancer. He reported that a faculty member in Social Work received a \$466,000 NIH grant to study the associations between physical abuse from parents and of the social, emotional well-being and development in children in the context of gender equality. UM-Flint enrollment is up 2% for spring, and summer enrollment is also trending up.

Student Government Reports. Central Student Government President Meera Herle introduced herself and noted her priorities for the future including student health care, and working with other student leaders.

Voluntary Support. Vice President Baird had no additional report.

Personnel Actions/Personnel Reports. Provost McCauley presented a number of personnel actions and reports. She commented on the recommended appointment of Jacques E.

Nör, dean of the School of Dentistry; and Celeste M. Watkins-Hayes, currently serving as interim dean of the Ford School of Public Policy, as the school's next dean.

Retirement Memoirs. Vice President Churchill submitted a number of retirement memoirs. Executive Vice President Runge commented on memoirs for Dr. Michael W. Mulholland, M.D., Ph.D., and Dr. David A. Spahlinger, M.D. Provost McCauley commented on the memoir for College of Engineering Dean Alec D. Gallimore, Ph.D.

Memorials. No deaths of active faculty members were reported to the regents.

Degrees. Degrees lists and changes to previously approved degree lists were submitted.

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

Absolute Return and Alternative Asset Commitments

Executive Vice President Chatas reported on follow-on investment with previously approved partnerships including a commitment of \$94.55 million to three Eclipse Venture Capital sponsored investments; and a commitment of \$50 million to a Graham Partners sponsored fund.

Conflicts of Interest

On a motion by Regent Acker, seconded by Regent Hubbard, the regents approved the following 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 transact with Cubeworks, Inc.

An agreement with Authorization for the University to transact with Cubeworks, Inc. was approved.

1. The parties to the contract are the Regents of the University of Michigan and its Department of Electrical Engineering and Computer Science and CubeWorks, Inc.
2. The agreement is for a duration of two years at total cost not to exceed \$200,000. CubeWorks, Inc. will be supplying all the necessary resources and personnel to fulfill this contract. The remaining base contract terms and conditions are typical to those used in Procurement Services standard templates for other similar contracts entered into by the Regents.
3. The pecuniary interest arises from the fact that University of Michigan employees, David Blauw, is stockholder and consultant; Dennis Sylvester, David Wentzloff, and Hun-Seok Kim are stockholders; Seok Hyeon Jeong, Gyouho Kim, Yejoong Kim, ZhiYoong Foo, and Mark Adam Davis, are employees and stockholders; and Gordon Caricher is employee of CubeWorks, Inc.

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

An agreement with Jazz Pie Music was approved.

1. The parties to the agreement are the regents of the University of Michigan, its William L. Clements Library and Jazz Pie Music.
2. The agreement is for a one time purchase at a total cost not to exceed \$1,950. Jazz Pie Music will be supplying all the necessary resources and personnel to fulfill this contract. The remaining base contract terms and conditions are typical to those used in Procurement Services standard templates for other similar contracts entered into by the Regents.
3. The pecuniary interest arises from the fact that University of Michigan employee, Christopher Smith, is owner of Jazz Pie Music.

Authorization for the University to enter into a license agreement with Tuebor Energy, Inc.

A license agreement with Tuebor Energy, Inc. was approved.

1. The parties to the agreement are the regents of the University of Michigan and Tuebor Energy, Inc.
2. The service to be provided is the licensed use of approximately 240 square feet of laboratory bench space in North Campus Research Complex Building 20 for 1 year, beginning June 19, 2023 through June 18, 2024, at a monthly rate of \$1,950.00. The term of the license agreement may be renewed for one (1) additional term of one (1) year. The monthly rate shall increase approximately 10% each renewal term. Tuebor will be responsible for handling and removal of its laboratory waste. Improvements will be needed, to be constructed by the University and reimbursed by Tuebor, as required for installation of a MBRAUN glovebox system in the license area.
3. The pecuniary interest arises from the fact that Nicholas Kotov and Ahme Emre, University of Michigan employees, are partial owners of Tuebor Energy, Inc.

Approval of commercialization Agreements

Commercialization agreements were approved.

1. The parties to the contract are the Regents of the University of Michigan and the following company: Humanica LLC License.
2. The University will retain ownership of the optioned, licensed, or reassigned technologies 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 Agreements. Standard disclaimers of warranties and indemnification apply, and the Agreements 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. Terms specific to each Agreement are described in Attachment A.
3. The pecuniary interest arises from the fact that University of Michigan employee: SangHyun Lee, has activities, relationships, or interests in the companies.

Authorization to enter into or amend Agreements

Project agreements with the University of Michigan were approved.

1. The parties to the contract are the Regents of the University of Michigan and the following companies: 1.) Courage Therapeutics, Inc. Subcontract Amendment; 2.) Loxo Oncology, Inc. Subcontract Amendment; 3.) Loxo Oncology, Inc. Subcontract Amendment; 4.) Ningbo Inlight Technology Co., Ltd. Second Research Amendment; and 5.) Vortex Hydro Power LLC Subcontract.
2. The terms of the agreements and/or amendments conform to university policy. The funding support will not exceed the amount reported in Attachment A for each agreement and/or amendment. Since projects are often amended, these agreements and/or amendments include 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 University of Michigan employees: 1.) Roger Cone; 2.) Marschall Runge; 3.) Marschall Runge; 4.) L. Jay Guo; and 5.) Michael Bernitas; have activities, relationships, or interests in the companies.

Michigan Health Corporation (MHC) Business Plan

On a motion by Regent Behm, seconded by Regent Acker, the regents unanimously approved the Michigan Health Corporation (MHC) Business Plan.

Master of Social Work, UM-Flint

On a motion by Regent Acker, seconded by Regent Behm, the regents approved a Master of Social Work, UM-Flint.

Public Comment

The regents heard public comments from: Timothy Heinrich, citizen, on doing what is right for Michael Heinrich; Bailey Sullivan, student, on compensation; Brian Geiringer, alumnus, on perspective on UM reputation; Avi Tachna-Fram, alumnus, on strike perspective; Michael Mueller, student, on GEO strike and winter grades; Jeffrey Horowitz, student, on graduate research; Nat Leach, student, undergrad campus culture; Jared Eno, student, on safety; 9. Michael Heinrich, student, on justice for Michael Heinrich; Zubaeer Akhtar, student, update on the Cedar Bend Trail; Sam Schuiteman, staff, on HOA negotiations; Kellie Chestler-Root, staff, Investing in Early Education.

Adjournment

The meeting was adjourned at 5:30 p.m. The next meeting will take place on July 20, 2023.