

**JULY MEETING, 2007**

*The University of Michigan  
Ann Arbor  
July 19, 2007*

The Regents convened at 3:00 p.m. in the Regents' Room. Present were President Coleman and Regents Darlow, Deitch, Maynard, McGowan, Newman, Richner, Taylor, and White. Also present were Vice President and Secretary Churchill, Vice President Forrest, Vice President Harper, Acting Chancellor Kay, Vice President Kelch, Vice President Krislov, Chancellor Little, Vice President May, Executive Vice President Slottow, Provost Sullivan, and Vice President Wilbanks.

**Call to Order**

President Coleman called the meeting to order. She noted that Regent Taylor and Regent White had assumed their positions as chair and vice chair, respectively, of the Board on July 1, and said she looked forward to working with them in these roles.

President Coleman also commented that this would be the last meeting Vice President Marvin Krislov would attend before leaving the University to assume the position of president of Oberlin College. She noted that in his role as vice president and general counsel, Vice President Krislov had crafted and led the successful defense of the University's admissions practices before the U.S. Supreme Court, for which the University and higher education in general would always be extremely grateful. She called on Regent Deitch.

## **Regents Resolution in Honor of Marvin Krislov**

Regent Deitch called Vice President Krislov to the podium, noting “Marvin is a very fine lawyer, and more importantly than that, a very fine man. And we will miss him.” He then read the following resolution:

### ***Regents’ Resolution***

*The Regents of the University of Michigan commend Marvin Krislov as he steps down from his position as vice president and general counsel on August 3, 2007 to become president of Oberlin College.*

*Vice President Krislov joined the University of Michigan in 1998 as the first person to hold the title of vice president and general counsel. With his keen intelligence, deeply held values, and passionate commitment to social justice and academic integrity, he has clearly set a high bar for his successors. His leadership of the University’s legal defense of its admissions policies, which resulted in the historic 2003 Supreme Court decision establishing the constitutionality of diversity considerations in college and university admissions, and his subsequent role in shaping the University’s actions in response to the decision, are seminal achievements. He has also made significant contributions to policy development in the full panoply of issues that face universities in the 21st century -- issues as far ranging as athletics, financial aid, labor standards, human rights, academic freedom, and the dissemination of knowledge for the public good in this digital era.*

*Vice President Krislov’s broad interests and values are also reflected in his University and community service. He served as co-chair of the president’s Ethics in Public Life initiative and is on the steering committee of the Center for Institutional Diversity. He serves on the board of directors of the University Musical Society and of the United Way of Washtenaw County, and chaired the most recent University of Michigan United Way campaign. An adjunct professor at the Law School and in the Department of Political Science, he is a popular teacher and mentor.*

*With his exceptional record of accomplishments, leadership, and service, Vice President Krislov has left a remarkable legacy at the University of Michigan. The Regents express their deep gratitude to Marvin Krislov for his dedicated service and send him all best wishes as he assumes his new role.*

A standing ovation followed.

Vice President Krislov commented that it was very emotional for him “to consider leaving this wonderful place.” He thanked the Board for taking the nearly unprecedented steps

of “making decisions on the basis of principle and moral conviction, and taking risks,” and thanked the Board for its steadfast commitment to values and principles. He also thanked President Coleman and other presidents with whom he served, along with his fellow executive officers and his colleagues in the Office of the Vice President and General Counsel. He concluded by stating that “this is an amazing place, and the fact that I’ve been privileged to be here is one of the greatest honors of my life.”

### **Resolution in Honor of Juan Mestas**

President Coleman announced that Juan Mestas would be stepping down as chancellor of the University of Michigan-Flint after leading the campus for eight years. Following a sabbatical, he will return as special advisor to the chancellor and the provost and vice chancellor for academic affairs. She called on Regent Maynard.

Regent Maynard called Chancellor Mestas to the podium. She noted that a few days ago, almost 700 people had gathered for the groundbreaking for the campus’s first residence hall. This outpouring represented an appreciation for all that Chancellor Mestas has done, not just for the University of Michigan-Flint, but also for the city of Flint. She read the following resolution:

#### ***Regents’ Resolution***

*The Regents of the University of Michigan commend Juan E. Mestas as he steps down from the position of chancellor of the University of Michigan-Flint to become special advisor to the chancellor and to the provost and vice chancellor for academic affairs.*

*From the moment he arrived on the Flint campus almost eight years ago, Chancellor Mestas immediately captivated the campus and community with his friendly, warm, and engaging demeanor. A scholar and teacher of Hispanic languages and literature and former deputy chair of the National Endowment for the Humanities, his humane and forthright style brought a sense of greater transparency and accountability to administrative decision-making on the Flint campus.*

*As chancellor, Juan worked diligently to protect and steward the Flint campus' resources during periods of severe budget constraints. During his tenure, the William S. White Building was completed, creating an important bridge over the Flint River to the broader community. He oversaw the creation of the highly effective Women's Educational Center and the establishment of the Doctor of Physical Therapy program, the first doctoral program on the Flint campus. Most recently, and largely through the force of Juan's passionate determination and persistence, the campus' first student housing complex is underway. It promises to further enhance the campus' vitality and become the centerpiece of his legacy.*

*Few campus administrators exude the unique blend of charm, urbanity, and wit that make Chancellor Mestas such a charismatic, engaging, and effective leader. It is in this spirit that the Regents are pleased to name Juan E. Mestas chancellor emeritus of the University of Michigan-Flint.*

A standing ovation followed, after which Chancellor Mestas thanked President Coleman and the Regents and said that he looked forward to returning to campus after his nine-month leave.

**President's Opening Remarks.** President Coleman announced that Professor Hyman Bass, the Roger C. Lyndon Collegiate Professor of Mathematics and professor of mathematics in the College of Literature, Science, and the Arts, and professor of education in the School of Education, has been awarded the 2006 National Medal of Science, the nation's highest scientific honor.

President Coleman invited all to attend the campus-wide memorial service on July 27 for the Survival Flight crew and transplant team that perished on June 4th while on a medical mission.

President Coleman said that the 2007-2008 budgets and tuition rates would be considered at this meeting, even though the budget will be finalized without the state appropriation having been finalized. She noted that the recommended undergraduate tuition increase of 7.4% is being made with extreme sensitivity to the needs of students and their families, and is among the

lowest of all of the state universities this year. She pointed out that expense reductions planned in the proposed FY2008 General Fund budget totaled more than \$21 million, and that the proposed budget calls for an increase in undergraduate financial aid of 11.5%, which underscores the University's continued commitment to meet the full financial need of qualified in-state undergraduate students.

She commented that request for adoption of this budget is being done with the knowledge of the tremendous value that the state's leaders place on an educated citizenry. Despite the difficult budget challenges faced by the state's policy makers in the current environment, President Coleman expressed confidence that lawmakers and citizens understand the importance of investing in higher education and of the University's role in transforming Michigan's economy.

#### **Public Comments on Agenda-Related Topics**

The Regents heard comments from the following people, all on the topic of proposed tuition increases: Travis Radina, student, Fannie Weinstein, student, and Stephen Pontoni, student, on tuition increases, and David Boyle, alumnus, on military family tuition issues.

#### **2007-2008 Operating Budgets - All Campuses**

Executive Vice President Slottow presented the annual report of the chief financial officer. He noted that the balance sheet is protected by two fundamental things: sound financial policies, including those concerning debt, the spending rule, renewal of capital planning, and the discipline of balanced budgets with recurring cost reductions and revenues; and by strong internal control structures. He said that with oversight by the Finance, Audit and Investment Committee, significant progress is being made in strengthening internal controls, including launching of a compliance hotline and increased controls and oversight of the P-card program.

Regarding the balance sheet, he reported that the relationship of assets to liabilities is strong and appropriate, as is the relation of debt to financial assets. Threats to the balance sheet include the future liabilities of post-retirement health benefits that will be booked for the first time in 2008, and \$100-\$500 million in deferred maintenance of buildings and infrastructure. He also pointed out that the majority of the University's non-hospital financial assets are in the form of endowments with use restrictions.

Regarding the financial assets in the balance sheet, Executive Vice President Slottow noted that in the area of short-term financial assets, proactive cash management measures have enabled the treasurer's office to accumulate over \$700,000 in savings during the past year. The endowment, which totaled \$5.7 billion in 2006, provides a distribution equal to 4.2% of the University's operating revenues, and primarily supports financial aid, faculty, and academic programs.

Executive Vice President Slottow reported that in response to a challenge set forth by Regent Newman, the President's Challenge was created, and it has provided \$90 million in additional endowment for the General Fund to support need-based financial aid and professorships. A second phase has been planned to add to this endowment, and combined with revenues received from the Big Ten television contract, this endowment will total about \$200 million, providing \$9.5 - \$10.5 million in recurring financial aid and faculty support.

He displayed a chart illustrating the University's commitment to renewal of the physical plant, and concluded that, with the elimination of about \$200 million in deferred maintenance in recent years, appropriate attention is being paid to this area. He pointed out that about 320,000 hours of maintenance is conducted each year, with 15% of this time being spent on preventive maintenance.

Executive Vice President Slottow reported that significant, ongoing efforts are being directed toward improving information technology security. He briefly reviewed the University's human capital, noting that the University employs a higher percentage of minorities than the state and local workforce does, and that the University's regular staff contains a significantly higher percentage of women employees than does the state and local region. Noting that 65% of the University's budget is devoted to salaries and benefits, he listed programs underway to maintain a loyal, healthy, and productive workforce.

Regarding liabilities, Executive Vice President Slottow reported that the University continues to enjoy the highest possible credit rating from Standard & Poor's and Moody's, and the cost of debt has been reduced to 4.2% from 4.3% last year. Through the University's captive insurance company we have successfully reduced operating expenses by \$14 million per year over the last 8 years.

Executive Vice President Slottow concluded that the proposed budget is consistent with maintaining the University's overall financial health, and quoted from Standard & Poor's April 2007 analysis, that "UM is one of three U.S. public universities that have an 'AAA' rating from Standard & Poor's...a national reputation for excellence in academics/research and a national draw for students...diverse revenue streams...strong financial liquidity...solid financial performance... manageable debt burden and 10-year capital plan...exceptional record of fund raising."

### **Ann Arbor Campus General Fund Operating Budget and Student Tuition and Fee Rates**

Provost Sullivan reported that the proposed current funds, all campuses budget for 2007-08 will increase from about \$4.9 billion to about \$4.979 billion, with total expenditures of about \$4.923 billion.

She noted that the General Fund represents 28% of the total current funds budget on the Ann Arbor campus, and its revenues are derived from three main sources: state appropriation, tuition and fees, and indirect cost recovery on sponsored research activity. Regarding the state appropriation, the figures being presented are predicated on the assumptions that the University will receive \$320 million, the same amount received during the current fiscal year, and that the University will receive a promised payment in October. If the finalized appropriation turns out to be significantly less, it will be necessary to revisit the issue with the Board.

Provost Sullivan pointed out that in addition to the General Fund, the University's operating funds are made up of the Designated Fund, about 3% of the total operating fund, the Expendable Restricted Fund, representing about 18% of the total operating fund, and the Auxiliary Activities Fund (including the Hospitals and Health System and Intercollegiate Athletics), which comprises about 50% of the total Ann Arbor campus operating fund.

Provost Sullivan stated that the University's budget priorities are student access (maintaining the commitment to meet the demonstrated financial need of all Michigan resident undergraduate students), maintaining excellence in research and scholarship, and serving as responsible stewards by increasing efficiencies and reallocating funds to the highest priority uses. She enumerated some of the key initiatives planned for fiscal year 2008, which include improving student access, enhancing undergraduate education by instituting two new undergraduate majors in public policy and informatics, faculty recruitment and retention, in addition to funding for the arts, and for library acquisitions, investments in infrastructure, and technology transfer activities.

Provost Sullivan noted that over the past four years, there have been cost reductions and reallocations totaling \$95.7 million, and the current plan assumes an additional reallocation of



\$21.3 million (1.6%). She described several significant long-term cost containment efforts that are underway in the schools and colleges and in central administration. She also displayed a chart indicating the decreasing proportion of state appropriation in the General Fund, from almost 80% in 1960 to 24% projected for 2008, with student fees increasing from 20% to 62% of the General Fund during that time. It was noted that internal cost reductions have been essential to the University's maintaining its quality during this time period.

The recommended tuition increases for FY2008 for the Ann Arbor campus, for both residents and nonresidents, are 7.4% for undergraduates and 5.0% for most graduate students. She compared the FY2008 tuition and fee rates with those of other Big Ten institutions and with other Michigan public institutions, and compared the University's tuition for a Michigan resident and Michigan nonresident with those for Michigan's peer private universities. The recommended General Fund budget includes over \$99 million for centrally-awarded financial aid, an increase of 9.0% over the previous year, with additional financial aid available from non-General Fund sources and from the individual schools and colleges.

The recommended General Fund budget for FY2008 is \$1,347,661,000, an increase of 4.1% over the previous year.

### **Dearborn Campus General Fund Operating Budget and Student Tuition and Fee Rates**

Chancellor Little reported that the budget priorities for the Dearborn campus are academic excellence, student access, and creating a highly productive and equitable work environment on the campus. He said the budget was developed on the assumption of a flat appropriation for the coming year, but if the appropriation should decrease, this budget would need to be revisited. The recommended UM-Dearborn General Fund budget for 2007-08 includes a tuition increase of 7.9% for resident undergraduates and 5% increase for resident

graduate students. The budget includes a 16% increase in institutionally-funded financial aid and a 3% faculty and staff salary program.

### **Flint Campus General Fund Operating Budget and Student Tuition and Fee Rates**

Interim Chancellor Kay commented that as campus leaders were putting together the 2007-08 General Fund budget, they received a great deal of input regarding the difficult economic conditions in the Flint area. Because the UM-Flint does not have the resources to guarantee 100% of student financial need, campus leadership was asked to exercise tuition restraint. The other strong operating principle was to do nothing that would have a negative impact on the excellent education available at the University of Michigan-Flint. Accordingly, the UM-Flint is requesting a combined tuition and fee increase of 6.4% for resident undergraduate students and 5% for graduate students. This budget assumes a flat undergraduate enrollment and a 3% increase in graduate enrollment, a 3% merit salary program, and an increase of 8.4% in institutional financial aid, (2% above the combined tuition and fee increase), along with budget cuts and reallocations.

### **2007-2008 Fee Assessments for Michigan Student Assembly (MSA), Student Legal Services (SLS), and School/College Governments**

Vice President Harper commented that the proposed fee assessments of \$7.19 per student per term for MSA, \$6.00 per student per term for SLS, and \$1.50 per student per term for school and college governments remain the same as those in effect during 2006-2007.

### **FY 2008 University Health Service Fee**

Vice President Harper presented a request for a University Health Service fee increase of 3.2% for FY 2008, yielding a new fee of \$160.63 per student per term. The proposed increase

provides funding for operational increases plus a modest amount for funding of M-Thrive, a coordinated case management system for students struggling with physical or emotional issues.

### **Discussion of Budgets and Student Fee Assessments**

Regent Taylor pointed out that if the assumptions on which the budgets are predicated turn out to be incorrect, the Regents will need to revisit these issues.

Regent Newman commented that she appreciates the work that has been done to use endowment funds to offset costs in the General Fund. However, she noted that tuition and fees have risen at a far higher rate than the state appropriation during the time she has been on the Board, meaning that the problem cannot be solved by budget cutting alone, and that other means need to be found to keep the cost within reach of the average citizen. She suggested that the solution would be for the board to endorse establishment of a fund by means of which money could be raised to endow tuition.

Regent Taylor agreed that the situation is becoming increasingly difficult, noting that currently, the state legislature is merely shifting the responsibility to parents and students.

However, Regent Newman pointed out that the state budget situation has not been favorable for a number of years, so as a constitutionally autonomous entity, it is incumbent upon the University to take responsibility for solving the problem. She complimented the administration for keeping the tuition increase at a reasonable level and said she would support the proposed budgets.

President Coleman said that Regent Newman and the rest of the board have helped encouraged the administration to explore new ways of growing the endowment in support of the General Fund.

Regent Taylor stated that he believes the legislature does have a responsibility to provide sufficient funding for higher education. He pointed out that the University has cut tens of millions of dollars from its budget in recent years, but despite this and other efforts, revenues need to increase. He believes it is time for the state government to recognize this and behave accordingly, by raising revenues.

Regent Deitch commented that the University is paying the consequences for the structural change that is occurring in the state. He stated that the board and administration have been responsible stewards of the institution, and although they are all fully cognizant of the consequences of tuition increases on families and students, they have to continually balance efficiency and cost-cutting efforts with their mandate of maintaining excellence. Regent Deitch pointed out that any solution to the state's structural problems involves the University of Michigan serving as a key component to a better and different future. He particularly commended the administrations of the Dearborn and Flint campuses for providing a great education for their students with many fewer resources than are available on the Ann Arbor campus.

Regent Darlow agreed with the previous comments, and pointed out that "the real headline here, beside the tuition increase, is the increase in financial aid, which is really extraordinary."

Regent McGowan cautioned that the notion of endowing tuition needs to be vetted through the University's development professionals, "who know our donor base best, understand what they are prepared to support, and know what course we would have to take to prepare donors for being asked to underwrite individual families' tuition in addition to all of the other projects they are already funding at the University." This needs to happen before the Regents can publicly make a commitment to the idea of creating an endowment for tuition.

Regents Taylor and Deitch responded that this is only one of many ideas that can be pursued. Executive Vice President Slottow agreed, noting that this is one of a portfolio of strategies being considered to address the trend of declining state support of higher education. He said the administration has prioritized about a dozen rigorous, high-priority approaches that are being analyzed and pursued. Regent Taylor said that the General Fund endowment idea needs to be analyzed to see if it is viable.

Regent Richner commented that, although the state legislature has a responsibility to address its structural problems, the Regents also have a responsibility to keep tuition rates down. He believes that University has done this with the current budget and tuition proposal, and he commended the administration, in this very challenging time, for having come up with “a fairly modest proposal.”

Vice President May noted that working on the issue of private support for tuition requires a lot more time and more analysis, but he would be pleased to explore these issues going forward.

**2007-2008 Revenue and Expenditure Operating Budgets;  
FY 2008 Ann Arbor Campus General Fund Operating Budget and Student Tuition and Fee Rates**

Regent Maynard moved approval of the FY 2007-2008 Revenue and Expenditure Operating Budgets and the FY 2008 Ann Arbor Campus General Fund operating budget and student tuition and fee rates. Regent White seconded the motion and it was approved unanimously.

**Dearborn Campus General Fund Operating Budget and Student Tuition and Fee Rates**

Regent White moved approval of the FY 2008 Dearborn Campus General Fund operating budget and student tuition and fee rates. Regent McGowan seconded the motion and it was approved unanimously.

## **Flint Campus General Fund Operating Budget and Student Tuition and Fee Rates**

Regent Maynard moved approval of the FY 2008 Flint Campus General Fund operating budget and student tuition and fee rates. Regent Taylor seconded the motion and it was approved unanimously.

## **2007-2008 Fee Assessments for Michigan Student Assembly (MSA), Student Legal Services (SLS), and School/College Governments**

Regent White moved approval of the 2007-2008 fee assessments for Michigan Student Assembly (MSA), Student Legal Services (SLS), and School/College Governments. Regent Deitch seconded the motion, and it was approved unanimously.

## **FY 2008 University Health Service Fee**

Regent White moved approval of the FY 2008 University Health Service Fee. Regent Deitch seconded the motion, and it was approved unanimously.

President Coleman thanked the Regents for their support of the budget proposals. Regent McGowan left the meeting at this point.

## **FY 2008 University of Michigan Hospitals and Health Centers Operating Budget**

President Coleman called on Mr. Doug Strong, director and chief executive officer of the University of Michigan Hospitals and Health Centers (UMHHC), to present the UMHHC FY2008 operating budget. Mr. Strong reported that with the exception of the Survival Flight tragedy, the UMHHC had had a very successful year in FY 2007, and he highlighted some of the institution's accomplishments. Objectives for FY2008 include delivering safe, efficient, high quality care; to increase access and capacity to permit growth; to continue to improve patient and staff satisfaction; and to achieve a 3% margin consistent with the long-term financial plan.

Mr. Strong said that the UMHHC would be increasing its inpatient bed capacity by 14.5% over the next 18 months, and it would also be adding capacity for diagnostics and procedures. He noted that the FY2008 budget calls for an increase of 5.4% in inpatient discharges and a 9.5% increase in outpatient activity. The FY2008 budget forecasts an operating margin of 3.0% (\$52.0 million) on a budget of \$1.736 billion in operating revenues (an 11.3% increase over FY2007) and \$1.684 billion in total expenses (12.5% increase).

Mr. Strong concluded that the budget was aggressive, but achievable. Risks relate to the payer climate. The budget relies on a continued high occupancy rate with strong patient growth, a more constrained expense budget than in previous years, successful completion of “CareLink,” and implementation of the “Lean Thinking” model across the organization. Lean Thinking is the application of lean manufacturing techniques from the auto industry as they apply to health care, with the goal of reducing waste and increasing productivity by analyzing improving processes.

### **FY 2008 Athletic Department Budget**

Mr. Bill Martin, Donald R. Shepherd Director of Athletics, presented the FY 2008 Athletic Department budget. Mr. Martin reported that the department had enjoyed a very solid year, and that the current economic model, based on the priority seating program, is sustainable. The work plan includes continued fundraising efforts for capital projects, executing the premium seating marketing plan for the Michigan Stadium project and soliciting additional major gifts for this project, and developing programming to address the needs of Crisler Arena.

Mr. Martin said that the preferred seating program (“PSD”) had a 97% retention rate in FY 2007, and there is a considerable wait list for these seats. PSD program donations in FY 2007 totaled \$11,799,642, and donations have increased every year since implementation of the program. Mr. Martin reported that FY 2007 operating revenues are projected to be \$83,682,000,

exceeding the budgeted amount by 1.8% The operating surplus for FY 2007 is projected to be about \$13.6 million, about double the budgeted amount.

The FY 2008 Athletic Department budget projects about \$87 million in revenues and about \$74 million in expenses, for a surplus of \$13 million. He displayed a chart illustrating the department's operating surplus over a period of 10 years, during which it went from a deficit of about \$2.5 million in 1998-99 to the current surplus of more than \$13 million.

Regent Taylor commented on the remarkable turnaround that Mr. Martin and his staff have made, noting that this is one of the few athletic departments that receives no funding from central administration. The department also provides the maximum number of scholarships for all sports, whether or not the sport is revenue-generating, and pays tuition for all scholarship athletes. In addition, the department is contributing \$2 million per year to the central administration for academic purposes. He commended the department and its leadership and staff on these accomplishments.

#### **Approval of FY 2008 University of Michigan Hospitals and Health Centers Operating Budget**

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved the FY 2008 University of Michigan Hospitals and Health Centers Operating Budget.

#### **Regents' Committee Chairs for 2007-2008**

Regent Taylor announced that Regent McGowan would continue to serve as chair of the Finance, Audit and Investment Committee. Regents Maynard and Deitch will also serve on this committee. Regent Richner will serve as chair of the Compensation, Personnel and Governance Committee, and will be joined on this committee by Regents Newman and Darlow. As chair and



vice chair, respectively, he and Regent White would serve as *ex officio* members of both committees.

### **Committee Reports**

**Finance, Audit and Investment Committee.** Regent Maynard reported that the committee had discussed three issues: the Hospitals and Health Centers strategic plan and lease portfolio (with Executive Vice President Kelch, UMHHC director and CEO Doug Strong, UMHHC CFO Dave Morlock, and UMHHC COO Tony Denton); the bimonthly audit update, with University Audits executive director Carol Senneff; and the Human Capital Report, with Laurita Thomas, associate vice president for human resources and affirmative action, and Tom Palmer, senior business analyst.

**Personnel, Compensation and Governance Committee.** Regent Taylor reported that the PCG Committee had reviewed the Human Capital Report from Laurita Thomas and Tom Palmer. He noted that the report indicates there will be a large number of retirements occurring in the coming years, so a lot of planning needs to be done to prepare for the turnover. The committee also discussed agenda-setting issues, and will be assembling data on best practices for the work of committees that serve this function.

The Regents then turned to the consent agenda.

### **Consent Agenda**

**Minutes.** Vice President Churchill submitted for approval the minutes of the meeting of June 21, 2007.

**Reports.** Executive Vice President Slottow submitted the Investment Report, the Plant Extension Report, and the Human Resources and Affirmative Action Report. He reported that a tentative bargaining agreement had been reached with the Lecturers Employees Organization.

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

**Research Report.** Vice President Forrest submitted the Report of Projects Established, June 1 - June 30, 2007. He noted that total research volume for Fiscal Year 2007 had exceeded \$800 million, which is number 1 in the country.

**University of Michigan Health System.** There was no additional report from the University of Michigan Health System.

**Division of Student Affairs.** There was no additional report from the Division of Student Affairs.

**University of Michigan-Dearborn.** Chancellor Little reported that the campus had recently received two grants of \$1 million or above from federal funding agencies. He also informed the board of proposed appointments to the Dearborn campus's Citizens Advisory Committee.

**University of Michigan-Flint.** Interim Chancellor Kay had no additional report.

**Michigan Student Assembly Report.** MSA President Zachary Yost commented on the tuition increase for 2007-08, expressing support for modest amount of the increase, but cautioning that any increase is difficult for students and runs the risk of possibly pricing some students out of the market. He noted that students had begun organizing to present the student point of view to state legislators. He distributed a report from the president of the UM-Dearborn student government.

**Voluntary Support.** Vice President May submitted the Report of Voluntary Support for June 30, 2007. He said that the full report of voluntary support for Fiscal Year 2007 would be submitted at the September meeting.

**Personnel Actions/Personnel Reports.** Provost Sullivan submitted a number of personnel actions and personnel reports. She called attention to the recommended appointment of Susan M. Collins as the Joan and Sanford Weill Dean of Public Policy and professor of public policy in the Gerald R. Ford School of Public Policy, effective September 1, 2007. She also highlighted the appointment of five professors to distinguished University professorships.

**Retirement Memoirs.** Vice President Churchill submitted memoirs for six faculty members.

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

**Degrees.** Provost Sullivan submitted for approval the April 2007 doctoral degree list, final degree lists for Spring 2007 commencements, and changes to previously approved degree lists.

**Approval of Consent Agenda.** On a motion by Regent Maynard, seconded by Regent White, the Regents unanimously approved the Consent Agenda.

The Regents then turned to consideration of the regular agenda.

### **Alternative Asset Commitments**

Executive Vice President Slottow informed the Regents of the following commitments that have been made to previously approved partnerships: \$15 million to Emergence Capital Partners II, L.P.; \$5 million to KPCB China Fund, L.P.; \$20 million to Morgan Stanley Private Equity Asia III, L.P.; \$25 million to Shorenstein Realty Investors Nine REIT; and \$20 million to Thor Urban Property Fund II, L.P.

### **Absolute Return Investment**

On a motion by Regent White, seconded by Regent Maynard, the Regents unanimously approved broadening the mandate for Payden and Rygel to include a risk management strategy with an initial funding of up to \$30 million from the Long Term Portfolio, as explained in the Regents Communication.

### **State Building Authority Financing of Observatory Lodge Renovations in the Ann Arbor Campus**

On a motion by Regent White, seconded by Regent Newman, all five Regents present unanimously approved a resolution providing State Building Authority financing for the Observatory Lodge Renovations Project and authorized the appropriate officers to: on or prior to the SBA's issuance of commercial paper notes, execute the construction and completion assurance agreement and bill of sale; at or near completion of the project and prior to the issuance of the SBA's bonds, execute the respective lease, convey title to the property, and execute any necessary easement agreements required for the financing of the project; and execute any other documentation required for the financing of the project of the SBA. The Resolution can be found in the Appendix, on page X. Regents Taylor and Deitch were away from the table for this and the following three votes.

RESOLUTION TO BE INSERTED IN THE APPENDIX

### **Art and Architecture Building Addition**

On a motion by Regent Newman, seconded by Regent White, the Regents unanimously approved the Art and Architecture Building Addition Project as described and authorized commissioning The Miller|Hull Partnership, LLP for its design.

### **Health Service Building Roof Replacement**

On a motion by Regent Newman, seconded by Regent Richner, the Regents unanimously approved the Health Service Roof Replacement Project as described, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

### **Indoor Practice Facility for Intercollegiate Football**

Mr. Bob Powell, design principal, Jickling Lyman Powell Associates, Inc., presented the schematic design for the indoor practice facility. He noted that the facility will occupy the site of the current outdoor football practice area. The outdoor practice area will be relocated to the adjacent soccer fields, and the soccer fields reconstructed on a new site near the tennis facility. He displayed the site plan and a rendering of the exterior, and the elevations of buildings along South State Street.

Regent White moved approval of the schematic design for the Indoor Practice Facility for Intercollegiate Football. Regent Richner seconded the motion, and it was approved unanimously.

### **University of Michigan Hospitals and Health Centers Cardiovascular Center Nuclear Cardiology Relocation**

On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved the University of Michigan Hospitals and Health Centers Cardiovascular Center Nuclear Cardiology Relocation Project as described, authorized commissioning the architectural firm of Shepley, Bulfinch, Richardson & Abbott for its design, and authorized issuing the project for bids and awarding construction contracts providing that bids are within the approved budget.

## **Intercollegiate Athletics Soccer Fields**

Associate Vice President Hank Baier presented the schematic design for the Intercollegiate Athletics Soccer Fields Project, which includes a regulation competition soccer field and two regulation practice fields. The current fields would be relocated to accommodate the indoor practice facility for intercollegiate football. Mr. Baier noted that a wetlands area would be created on the site to control the storm water.

On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved the schematic design for the Intercollegiate Athletics Soccer Fields Project as presented at the meeting, 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 announced that the agenda includes 19 conflict of interest items, each of which requires 6 votes for approval. These would be considered as a block, in one vote, as no Regent had requested recusal from voting on any of the items.

On a motion by Regent Taylor, seconded by Regent Maynard, the Regents unanimously approved the following 19 agreements.

### **Sixth Amendment to Lease Agreement between the University of Michigan and 520 East Liberty LLC**

The Regents approved a 26-month lease extension with 520 East Liberty LLC for 4,272 square feet of space at 520 East Liberty Street, Ann Arbor, for the Department of Budget and Planning. Because William C. Martin is a University of Michigan employee and is also a member of 520 East Liberty LLC, 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 amendment are the Regents of the University of Michigan and 520 East Liberty LLC.
2. The service to be provided is a lease extension for 4,272 square feet of space at 520 East Liberty Street, Ann Arbor, Michigan, for twenty-six months. The term of the lease will be July 1, 2007 through August 30, 2009, at the monthly rental rate of: \$9,094.00 for months 1 through 12; \$9,413.00 for months 13 through 24; and \$9,742.00 for months 25 through 26. Tenant is responsible for gas and electric usage.
3. The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is a member of 520 East Liberty LLC.

### **Second Amendment to Lease Agreement between the University of Michigan and 2401 LLC**

The Regents approved a five-year lease extension with 2401 LLC for 10,083 square feet of space at 2401 Plymouth Road, Suite C, Ann Arbor, for the Turner Senior Resource Center. Because William C. Martin is a University employee and is also a member of 2401 LLC, 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 amendment are the Regents of the University of Michigan and 2401 LLC.
2. The service to be provided is a lease amendment for 10,083 square feet of space at 2401 Plymouth Road, Suite C, Ann Arbor, Michigan, for five years, commencing on November 1, 2007 through October 31, 2012, at a monthly rate of \$21,000.00 for the term of the lease. Tenant is responsible for gas and electric usage.
3. The pecuniary interest arises from the fact that William C. Martin, a University of Michigan employee, is a member of 2401 LLC.

### **Approval of Payment for Ann Arbor IT Zone**

The Regents approved a payment to Ann Arbor IT Zone for sponsorship of a TechKnow Forum on alternative fuel cars. Because Kenneth Nisbet and Douglas Hockstad are University of Michigan employees and are also board members of Ann Arbor IT Zone, this purchase falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with the statutory requirements:

1. Parties to the agreement are the Regents of the University of Michigan and its Office of Technology Transfer and Ann Arbor IT Zone.
2. The service provided is sponsorship of a TechKnow Forum on alternative fuel cars hosted by Ann Arbor IT Zone. The sponsorship amount is \$35,000.00.
3. The pecuniary interest arises from the fact that Kenneth Nisbet and Douglas Hockstad, University of Michigan employees, are board members of Ann Arbor IT Zone.

### **Approval of Payment for Ann Arbor SPARK**

The Regents approved a payment by the Institute for Entrepreneurial Studies to Ann Arbor SPARK to fund a portion of compensation for an MBA intern in the Marcel Gani Internship Program. Because Kenneth Nisbet, a University of Michigan employee, is a member of SPARK's board of directors, 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 Institute for Entrepreneurial Studies and Ann Arbor SPARK.
2. The service provided is placement of a student intern. The cost for the service is \$7,497.28.
3. The pecuniary interest arises from the fact that Kenneth Nisbet, a University of Michigan employee, is a member of the board of directors of Ann Arbor SPARK.

### **Approval of Payment for GoKnow Learning, Inc.**

The Regents approved a payment to GoKnow Learning, Inc., by the School of Education for development of a reading assessment competency system. Because Elliot Soloway, a University of Michigan employee, is also founder and stockholder of GoKnow Learning, Inc., this purchase falls under the State of Michigan Conflict of Interest Statute. The following information is provided in compliance with statutory requirements:

1. Parties to the contract are the Regents of the University of Michigan and its School of Education and GoKnow Learning, Inc.
2. The service provided is development of a reading assessment competency system. The cost for the service is \$64,000.00.
3. The pecuniary interest arises from the fact that Elliot Soloway, a University of Michigan employee, is a founder and stockholder of GoKnow Learning, Inc.



**Non-disclosure Agreement between the University of Michigan and Avidimer Therapeutics, Inc.**

The Regents approved a non-disclosure agreement with Avidimer Therapeutics enabling Avidimer to review a new disclosure from Dr. James Baker’s laboratory (UM OTT File No. 3781, “Synthesis of Dendrimer-Based BH3 Conjugate that induce Apoptosis in Cancer Cells”) for possible licensing into their current patent portfolio. Because James Baker is also the principle owner of Avidimer, 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 Avidimer Therapeutics, Inc.
2. The agreement limits Avidimer to evaluation of the technology.
3. The pecuniary interest of Dr. Baker arises from his ownership interest in Avidimer.

**Clinical Study and Research Agreement between the University of Michigan and Ablation Frontiers, Inc.**

The Regents approved an agreement with Ablation Frontiers, Inc. (“Ablation”) enabling the University to carry out a clinical investigation plan entitled “Tailored Treatment of Permanent Atrial Fibrillation (“TTOP AF Trial”). Dr. Hakan Oral is a partial owner of Ablation and a member of the board of directors, and Dr. Fred Morady is partial owner of Ablation and chair of the board of directors. Because both Drs. Oral and Morady are also University of Michigan employees, 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 University of Michigan and Ablation Frontiers, Inc.
2. The terms of the agreement will conform to University policy. The agreement calls for total funding of \$64,787 and is anticipated to cover a two-year period beginning upon the signing of the agreement. The University’s standard agreement provisions will apply. Since research agreements are often amended, the agreement includes provisions for amendments to be made but requiring that they be in writing and signed by authorized representatives of both Ablation and the University. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

3. Dr. Oral's and Dr. Morady's pecuniary interests arise from their status as partial owners of Ablation and member (Oral) and chair (Morady) of the board of directors.

### **Materials Transfer Agreement between the University of Michigan and Compendia Bioscience, Inc.**

The Regents approved an agreement by which the University will provide data to Compendia Bioscience, Inc. ("Compendia") which will be curated and added to other data, and the refined data will be made available to the University by Compendia at no charge. Because Professor Arul Chinnaiyan is a University of Michigan employee and also a partial owner of Compendia, and Daniel Rhodes is a University of Michigan employee and also partial owner and chief scientific officer of Compendia, 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 University of Michigan and Compendia Bioscience, Inc.
2. The terms of the proposed agreement conform to University policy. No transfer of funds is involved. Compendia will provide Michigan with the access to data tools. Matthias Kretzler, M.D., associate professor of internal medicine, and Arul Chinnaiyan will provide the initial data to Compendia. The agreement includes a provision allowing extension and modification upon mutual agreement 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. Arul Chinnaiyan's and Daniel Rhodes' pecuniary interest arises from their status as partial owner (Chinnaiyan) and partial owner and chief scientific officer (Rhodes) of Compendia.

### **Subcontract between the University of Michigan and k-Space Associates**

The Regents approved a subcontract with k-Space Associates to provide services under a grant to the University from the 21st Century Fund of the Michigan Economic Development Corporation. Because Dr. Roy Clarke, a University of Michigan employee, is also partial owner of k-Space Associates, this subcontract 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 University of Michigan and k-Space Associates.
2. The terms of the proposed agreement conform to University policy. Dr. Codrin Cionca will be principal investigator for the project at the University to be conducted over a three-year period at an estimated total cost of \$1,037,772 including indirect cost at 15% (the rate

applicable to the MEDC). The company will receive a subcontract in the amount of \$436,309. Dr. Clarke will only participate in the project in his capacity as a University employee. The agreement includes provisions allowing extension and modification upon mutual agreement 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. Dr. Clarke's pecuniary interest arises from his status as partial owner of k-Space Associates.

### **Research Agreement between the University of Michigan and Avidimer Therapeutics, Inc.**

The Regents approved a research agreement between the University of Michigan and Avidimer Therapeutics. Because Dr. James R. Baker, Jr., is a University of Michigan employee and also partial owner of, chief scientific officer for, and chair of the board of directors of Avidimer Therapeutics, Inc. ("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 University of Michigan and Avidimer Therapeutics, Inc.
2. The terms of the agreement will conform to University policy. Dr. Brent Ward, assistant professor of surgery, who has no financial interest in the company, will direct the project over an initial one-year period at an estimated cost of \$113,407. The agreement will include a provision allowing extension and modification of the project upon mutual agreement of the parties. Animal use approval will be obtained prior to onset of this research at the University. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. Dr. Baker's pecuniary interest arises from his status as partial owner of, chief scientific officer for, and chair of the board of directors of Avidimer Therapeutics, Inc.

### **Subcontract between the University of Michigan and Michigan Critical Care Consultants, Inc.**

The Regents approved a subcontract between the University of Michigan and Michigan Critical Care Consultants, Inc. (MC3), enabling the University to participate in MC3's project supported by a grant from the National Institutes of Health (NIH). Because Dr. Robert Bartlett is a University of Michigan employee and is also a part owner of MC3, 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 University of Michigan and MC3.

2. Under the project a total subcontract of \$80,100 is anticipated to cover the period of August 1, 2006 through April 30, 2007. The University's standard subcontract provisions will apply. Since research agreements are often amended, the subcontract includes provisions for changes in time, amount, and scope of the research. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. Dr. Bartlett's pecuniary interest arises from his status as part owner of MC3.

**Academic Partner Program Agreement between the University of Michigan and Compendia, Inc.**

The Regents approved an academic partner program agreement with Compendia, Inc. to advance research in nephrology. Because Arul Chinnaiyan and Daniel Rhodes are both University of Michigan employees and partial owners of Compendia, 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 University of Michigan and Compendia, Inc.
2. The terms of the agreement conform to University policy. The agreement is a collaboration between the University and Compendia with the University sharing data and in turn gaining access to Compendia's database. No funding is being provided.
3. Arul Chinnaiyan's and Daniel Rhodes's pecuniary interest arises from their status as partial owners of Compendia.

**Second Amendment to the Patent Option Agreement between the University of Michigan and Vortex Hydro Energy LLC**

The Regents approved a second amendment to its existing option agreement with Vortex Hydro Energy LLC to commercialize the University technology "Enhancement of Vortex Induced Forces and Motion for Energy Production" (UM File No. 3737). Because Michael Bernitsas, a University of Michigan employee, is also a partial owner of Vortex Hydro Energy LLC, 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 University of Michigan and Vortex Hydro Energy LLC.
2. Option terms include giving Vortex Hydro Energy LLC an option to an exclusive license with the right to grant sublicenses. Vortex Hydro Energy LLC will reimburse patent costs during the term of the option agreement, and would pay a royalty on sales and reimburse

patent costs if the option is exercised and a license is executed. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract 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. Michael Bernitsas arise from his ownership interest in Vortex Hydro Energy LLC.

### **License Agreement between the University of Michigan and Omni Sciences, Inc.**

The Regents approved a license agreement between the University of Michigan and Omni Sciences, Inc. for licensing of the technology “Application of Mid-infrared Light Sources” (UM File #2765). Because Mohammed Islam is both a University of Michigan employee and partial owner of Omni Sciences, Inc., 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 Omni Sciences, Inc.
2. License terms include giving Omni Sciences, Inc., an exclusive license with the right to grant sublicenses. Omni Sciences, Inc. 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 and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract 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 of Mohammed Islam arises from his ownership interest in Omni Sciences, Inc.

### **Non-Disclosure Agreement between the University of Michigan and Fusion Therapeutics, Inc.**

The Regents approved a non-disclosure agreement between the University of Michigan and Fusion Therapeutics, Inc. (“Company”), enabling the company to obtain confidential information on a number of invention files owned by the University. Because Arul Chinnaiyan is a University of Michigan employee and also a partial owner and chair of the scientific advisory board 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 Fusion Therapeutics, Inc.
2. Agreement terms include granting the Company the ability to review certain confidential information for a defined period of time and to provide it to other third parties under agreement with the Company. The University will retain ownership of the disclosed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. University procedures for approval of these changes will be followed, and additional conflict of interest review will be done as appropriate.
3. Dr. Chinnaiyan's pecuniary interest arises from his ownership interest in Fusion Therapeutics, Inc.

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

The Regents approved a research agreement between the University of Michigan and OtoMedicine, Inc. ("OtoMedicine"). Because Dr. Joseph Miller is a University of Michigan employee and also partial owner and chair of the board of directors of OtoMedicine, 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 OtoMedicine, Inc.
2. The terms of the agreement will conform to University policy. Dr. Roderick Little, professor in the Department of Biostatistics, who has no financial interest OtoMedicine, will direct the project over an initial six month period at an estimated cost of \$8,740. The agreement will include a provision allowing extension and modification of the project upon mutual agreement 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. Joseph Miller's pecuniary interest arises from his status as partial owner and chair of the board of directors of OtoMedicine.

#### **Subcontracts between the University of Michigan and Adaptive Materials, Inc.**

The Regents approved subcontract agreements between the University of Michigan and Adaptive Materials, Inc. Because John Halloran, a University of Michigan employee, is also co-founder, chief technical officer, and member of the board of directors of Adaptive Materials, Inc.

(“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 University of Michigan and Adaptive Materials, Inc.
2. The terms of the subcontracts will conform to University policy. The subcontracts will call for total funding of \$50,000 and \$358,721 respectively, and are anticipated to cover a period of six (6) months, and two (2) years, respectively. The University’s standard agreement provisions will apply. Since research agreements are often amended, the agreement will include provisions for amendments to be made but requiring that they be in writing and signed by authorized representatives of both the Company and the University. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.
3. John Halloran’s pecuniary interest arises from his status as co-founder, chief technical officer, and member of the board of directors of Adaptive Materials, Inc.

### **License Agreement between the University of Michigan and NeuroNexus LLC**

The Regents approved a license agreement between the University of Michigan and NeuroNexus LLC, for licensing of the following technologies: UM File No. 9853, “Microchannel system for fluid delivery,” UM File No. 2533, “Flexible polymer microelectrode,” UM File No. 2728, “Intracranial Neural Interface.” Because Daryl Kipke and Jamille Hetke are both University of Michigan employees and also partial owners of NeuroNexus LLC, and they are president and an employee, respectively, of NeuroNexus LLC, 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 NeuroNexus.
2. License terms include giving NeuroNexus an exclusive license with the right to grant sublicenses to UM Files 2533 and 2728 and a non-exclusive license to UM Files 0953. NeuroNexus will reimburse patent costs, pay a license fee and royalties on sales. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of the changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interests of Drs. Kipke and Hetke arise from their ownership interest in NeuroNexus.

## **Amendment to Option Agreement between the University of Michigan and NeuroNexus LLC**

The Regents approved an amendment to an option agreement with NeuroNexus LLC to add to its option an additional technology: UM File No. 3298, “Polymer-based Neural Probes for Extended Recording Lifetime.” Because Daryl Kipke and Jamille Hetke are both University of Michigan employees and also partial owners of NeuroNexus LLC, and they are president and employee, respectively, of NeuroNexus LLC, 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 NeuroNexus.
2. Amendment terms include giving NeuroNexus an exclusive option to obtain a license with the right to grant sublicenses. NeuroNexus will reimburse patent costs. The University will retain ownership of the optioned technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. University procedures for approval of the changes will be followed and additional conflict of interest review will be done as appropriate.
3. The pecuniary interests of Drs. Kipke and Hetke arise from their ownership interest in NeuroNexus.

## **Implementation of the Regents’ Policy on Research Grants, Contracts, and Agreements, FY06**

Vice President Forrest submitted information regarding implementation of the Regents’ Policy on Research Grants, Contracts, and Agreements for Fiscal Year 2006.

## **Henry Russel Lecturer for 2008**

President Coleman informed the Regents that Kent V. Flannery, James B. Griffin Distinguished University Professor of Anthropological Archaeology, professor of anthropology, and curator, Museum of Anthropology, College of Literature, Science, and the Arts, has been selected as Henry Russel Lecturer for 2008.



### **Henry Russel Awards for 2008**

President Coleman informed the Regents that two faculty members in the College of Literature, Science, and the Arts had been selected to receive Henry Russel Awards for 2008: Edwin A. Bergin, assistant professor of astronomy, and Jason D. Owen-Smith, assistant professor of sociology and assistant professor of organizational studies.

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

On a motion by Regent Maynard, seconded by Regent Taylor, the Regents unanimously approved the Michigan Health Corporation FY2008 annual business plan and budget.

### **Establishment of the Department of Women's Studies**

On a motion by Regent Taylor, seconded by Regent White, the Regents unanimously approved reorganization of the Women's Studies Program into the Department of Women's Studies.

### **Establishment of the Department of Comparative Literature**

On a motion by Regent Maynard, seconded by Regent Taylor, the Regents unanimously approved reorganization of the Program in Comparative Literature into a Department of Comparative Literature.

### **Jean and Samuel Frankel Center for Judaic Studies**

On a motion by Regent White, seconded by Regent Maynard, the Regent unanimously approved allowing the Jean and Samuel Frankel Center for Judaic Studies to become a unit that can appoint tenured faculty and serve as a tenure home.

### **Residency Classification Guidelines**

Provost Sullivan submitted a proposed revision to the Residency Classification Guidelines to expand the military waiver provision in Section D of the guidelines in order to grant a waiver of

out-of-state tuition to regular active duty personnel and their spouses and dependents who are living in Michigan regardless of the location of their military assignment. The amendment also provides more flexibility if the parent moves out of state. On a motion by Regent White, seconded by Regent Taylor, the Regents unanimously approved the following changes to the Residency Classification Guidelines, effective Fall Term, 2007 (additions underlined, deletions ~~crossed-out~~):

D. ~~SPECIAL PROVISION~~ WAIVER OF OUT-OF-STATE TUITION FOR REGULAR ACTIVE DUTY MILITARY PERSONNEL ~~ASSIGNED TO~~LIVING IN MICHIGAN

Regular active duty military personnel who are on assignmentliving in Michigan, as well as their accompanying spouses and dependent children, will be allowed to pay in-state tuition while they attend the University of Michigan, even though they will not be eligible to be classified as residents under the Residency Classification Guidelines. This ~~provision applies~~waiver is available to persons in the U.S. Army, Navy, Air Force, Marines and Coast Guard, and to officers in the Public Health Service. When the military person upon whom the waiver is based leaves the state, a child or spouse who remains in Michigan enrolled full-time in high school or an institution of higher learning will continue to be eligible to receive the waiver. Children must have completed at least the junior year of high school prior to the military person's departure. In order to request this ~~special consideration~~waiver, the student must submit a residency application by the applicable filing deadline and provide documentation demonstrating eligibility.

### **Public Comments**

The Regents heard comments from Bill Higgins, citizen, on “Proposal 2, Harbaugh, and Brandon,” and Ray S. Ayer, citizen, about the need for better health care in the U.S.

There being no further business, the meeting was adjourned at 5:50 p.m. The next meeting is scheduled for September 20, 2007.