

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
May 17, 2007

ACTION REQUEST

Subject: Regental Action Required Under the State of Michigan Conflict of Interest Statute

Action Requested: Authorization for the University to Approve a Payment for Ann Arbor SPARK (University of Michigan Employees Kenneth Nisbet, Chairman of the Board of Directors and Stephen Forrest, Board Member)

Background:

The University of Michigan's Office of Technology Transfer wishes to receive approval to make payment to Ann Arbor SPARK. The department wishes to make this payment for services associated with the use of their Launch Pad facility for a group of student interns. Ann Arbor SPARK was chosen because the Launch Pad arrangement provides space for the students, networking, access rights to programs, and contacts with other groups who share the facility.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as Kenneth Nisbet and Stephen Forrest are University employees and would be parties to the contract by virtue of their roles as Chairman of the Board of Directors and Board Member, respectively, of Ann Arbor SPARK. However, the Statute allows the University to enter into such contracts if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the contract to the official body which has power to approve the purchase, which disclosure shall be a matter of record in its official proceedings.
- b) The purchase is approved by a vote of not less than 2/3 of the full membership of the approving body in open session without the vote of the public servant making the disclosure.
- c) The official body discloses the following summary information in its official minutes:
 - i) The name of each party involved in the contract.
 - ii) The terms of the purchase, including duration, financial consideration between the parties, facilities or services of the public entity included in the purchase, and the nature and degree of assignment of employees of the public entity for fulfillment of the purchase.

- iii) The nature of any pecuniary interest.

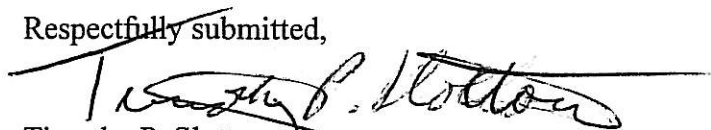
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Office of Technology Transfer and Ann Arbor SPARK.
- ii) The service provided is space and access for graduate students. The total cost for the service for one year is \$25,000.00.
- iii) The pecuniary interest arises from the fact that Kenneth Nisbet and Stephen Forrest, University of Michigan employees, are Chairman of the Board of Directors and Board Member, respectively, of Ann Arbor SPARK.

Kenneth Nisbet and Stephen Forrest have met state law requirements with the disclosure of their pecuniary interest, and their formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable under the Medical School's or OVPR's Conflict of Interest Committee's procedures are separately analyzed and managed.

We recommend that the Board of Regents approve the payment between the University of Michigan and Ann Arbor SPARK, subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President
and Chief Financial Officer

May 2007