

**THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION**

Approved by the Regents

April 17, 2008

ACTION REQUEST

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

Action Requested: Authorization for the University to enter into an Agreement with Avicenna Medical Systems, Inc. (University of Michigan Employees Frank Pelosi, M.D., Erdwing Coronado, Yehuda Bechar and Khaled El-Safty, Owners)

Background:

The University of Michigan Hospitals and Health Center Medical Center Information Technology (MCIT) seeks approval to enter into a perpetual software maintenance and support agreement with Avicenna Medical Systems, Inc. (Avicenna). Avicenna will provide maintenance, support and training in the use of two software programs for electrophysiology reporting and tracking of patients taking anticoagulation medication. These software programs are licensed to Avicenna by an agreement through the University of Michigan Office of Technology Transfer.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Frank Pelosi, M.D., Erdwing Coronado, Yehuda Bechar and Khaled El-Safty are University employees and would be a party to the contract as owners of Avicenna. 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 MCIT and Avicenna.
- ii) The estimated annual cost of the software maintenance and support is \$65,000. The agreement perpetually renews with an annual increase of the lower of 5% or the Consumer Price Index and can be terminated by either party in writing at anytime.
- iii) The pecuniary interest arises from the fact that Frank Pelosi, M.D., Erdwing Coronado, Yehuda Bechar and Khaled El-Safty, University of Michigan employees as Assistant Professor of Internal Medicine, MCIT Manager, MCIT Business Analyst and MCIT Programmer, respectively, are owners of Avicenna.

Frank Pelosi, M.D., Erdwing Coronado, Yehuda Bechar and Khaled El-Safty have met state law requirements with the disclosure of their pecuniary interest and 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 agreement between the University of Michigan and Avicenna 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

April 2008