

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

Approved by the Regents  
November 15, 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 Purchase from Michigan Aerospace Corporation (University of Michigan Employee Lennard Fisk, Co-Founder, Stockholder and Chair of the Board of Directors)

Background:

The University of Michigan Kellogg Eye Center seeks approval to purchase consultation services from Michigan Aerospace Corporation (MAC) for optical evaluation and development in order to protect patents prior to the publication and production of the University's Retinal Research Instrument (RRI). MAC was selected because they are the only local company with the necessary expertise.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as Professor Lennard Fisk is a University employee and would be a party to the contract by virtue of his role as co-founder, major stockholder and Chair of the Board of Directors of MAC. 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:

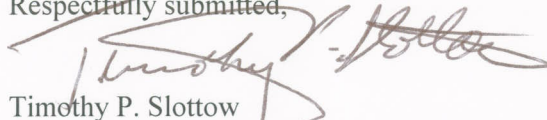
- i) The parties to the contract are the Regents of the University of Michigan and its Kellogg Eye Center and Michigan Aerospace Corporation.

- ii) The purchase is optical evaluation and development of the University's RRI, including requirements refinement and trade studies, safety assessment, optical design, assessment of intellectual property status and optical system preliminary design review. The total proposed cost is \$68,252.
- iii) The pecuniary interest arises from the fact that Professor Lennard Fisk, a University of Michigan employee, is co-founder, major stockholder and Chair of the Board of Directors of Michigan Aerospace Corporation.

Professor Lennard Fisk has met state law requirements with the disclosure of his pecuniary interest and his 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 Michigan Aerospace Corporation 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

November 2007