

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

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

Action Requested: Authorization for the University to transact with University of Michigan Credit Union (University of Michigan Employee, Paul Kirsch, Vice Chair)

Background:

The University of Michigan Department of Ophthalmology & Visual Science seeks approval to transact with University of Michigan Credit Union ("UMCU") for Patient Financing Services. The agreement is to provide financing services to patients of the Department of Ophthalmology & Visual Science for elective services typically not covered by third party reimbursement. UMCU was selected based on the terms and conditions of the contract.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Paul Kirsch is a University employee as Managing Director, BBA Program with Ross School of Business and would be party to the agreement as Vice Chair of UMCU.

However, the Statute allows the University to enter into such agreements 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.

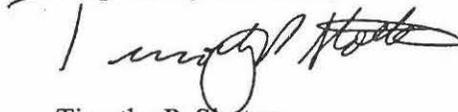
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Department of Ophthalmology & Visual Science and UMCU.
- ii) The agreement is to provide financing services for patients of the Department of Ophthalmology & Visual Science for elective services typically not covered by third party reimbursement. The department pays a 5% fee per loan to UMCU. It is a three year contract at an annual cost of approximately \$4,000.
- iii) The pecuniary interest arises from the fact that University of Michigan employee, Paul Kirsch, is Vice Chair of UMCU.

Paul Kirsch has met state law requirements with the disclosure of his 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 UMCU 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

June 2013