

Approved by the Regents
July 15, 2010

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 make a Payment to Avicenna Medical Systems, Inc. (University of Michigan Employees Frank Pelosi, M.D., Erdwing Coronado and Khaled El-Safty, Owners)

Background:

The University of Michigan Health System ("UMHS") seeks approval to make a payment to Avicenna Medical Systems, Inc. ("Avicenna") for additional configuration services and programming for patient-tracking software. Avicenna was selected because they are the licensed owner of the software, AviTracks, currently in use by UMHS to track approximately 10,000 active patients.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Frank Pelosi, M.D., Erdwing Coronado 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:

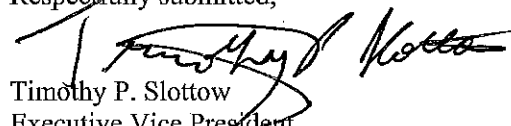
- i) The parties involved in the agreement for payment are the Regents of the University of Michigan, UMHS and Avicenna.

- ii) The payment is for deployment and support of the AviTracks Cirrhosis/Viral Diseases (Hepatology) module. This module will allow for the ability to track patient vaccination histories and procedures. The cost for the upgrade and setup is \$6,000.
- iii) The pecuniary interest arises from the fact that Frank Pelosi, M.D., Erdwing Coronado and Khaled El-Safty, University of Michigan employees as Associate Professor of Internal Medicine, MCIT Manager and MCIT Programmer, respectively, are owners of Avicenna.

Dr. Pelosi, Mr. Coronado and Mr. 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 payment between the University of Michigan and Avicenna Medical Systems, Inc. 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

July 2010