

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 ElectroDynamic Applications, Inc. (University of Michigan Employees, Dr. Alec Gallimore and Brian Gilchrist, Owners)

Background:

The University of Michigan Department of Aerospace Engineering seeks approval to purchase Lab Management Services from ElectroDynamic Applications, Inc. ("EDA"). EDA will provide engineering service to support lab activities in the Plasma Electrodynamics and Propulsion Laboratory. The service will be provided by Mr. Eric Vigés, a highly qualified EDA engineer. EDA was selected because the services require a person with detailed knowledge of several specialized engineering systems and EDA is the only company suitable for fulfilling this work.

The proposed transaction falls under the State of Michigan Conflict of Interest Statute as Dr. Alec Gallimore and Brian Gilchrist are University employees as Professor, Associate Dean for Academic Affairs and Professor of Electrical Engineering and Computer Science, respectively, with the College of Engineering and would be party to the contract as Owners of EDA.

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.

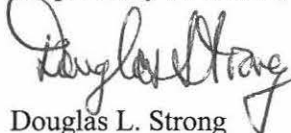
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Department of Aerospace Engineering and EDA.
- ii) The agreement is to purchase Lab Management Services to support lab activities in the Plasma Electrodynamics and Propulsion Laboratory. The duration of the agreement is for 24 months with an option for one additional year. The cost will be based on an estimate between full time and half time effort over the 24 month period. The total cost including the optional third year is not to exceed \$411,500.
- iii) The pecuniary interest arises from the fact that University of Michigan employees, Dr. Alec Gallimore and Brian Gilchrist are Owners of EDA.

Dr. Alec Gallimore and Brian Gilchrist 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 EDA subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Douglas L. Strong
Interim Executive Vice President
and Chief Financial Officer

July 2014