

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

Approved by the Regents  
October 18, 2013

ACTION REQUEST

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

Action Requested: Authorization for the University to transact with Life Technologies Corporation  
(University of Michigan Employee Dr. Ora Pescovitz, Director).

Background:

The University of Michigan Procurement Services Department seeks approval to enter into a Strategic Supplier Agreement for Product Purchase with Life Technologies for products, instrumentation, equipment and support services required to support the research community at the University and UMHS.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Dr. Ora Pescovitz is a University employee as Executive Vice President for Medical Affairs and Health System CEO and is on the Board of Directors at Life Technologies.

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:

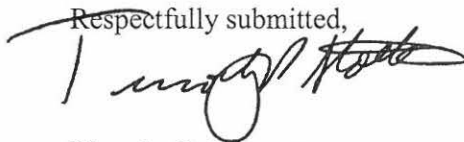
- i) The parties to the contract are the Regents of the University of Michigan and its Procurement Services Department and Life Technologies.
- ii) The agreement is for products, instrumentation, equipment and support services required to support the research community at the University and UMHS. The total estimated expenditures over a five year period are \$45,000,000.
- iii) The pecuniary interest arises from the fact that University of Michigan employee, Dr. Ora Pescovitz, is on the Board of Directors of Life Technologies.

Life Technologies is a global life science company and is the sole manufacturer or distributor of many of the critical research materials used by our science community. The company was formed from several scientific supply companies which had agreements with the university awarded through competitive bidding.

Dr. Pescovitz has met state law requirements with the disclosure of her pecuniary interest and formal appointment arrangements with the University of Michigan. A management plan regarding potential conflicts arising out of her service on the Life Technologies Board of Directors has been in place since April, 2011 and has been followed. Dr. Pescovitz was in no way involved in selecting this vendor, negotiating this agreement or in making or approving purchases from this company. It is also noted that Thermo Fisher Scientific, a world leader in these commodities, has announced that it will purchase Life Technologies this year, potentially eliminating this conflict of interest.

We recommend that the Board of Regents approve the agreement between the University of Michigan and Life Technologies Corporation.

Respectfully submitted,



Timothy P. Slottow  
Executive Vice President  
and Chief Financial Officer

October, 2013