

**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 enter into an agreement with Michigan Aerospace Corporation (University of Michigan Employee, Lennard Fisk, Stockholder, Director and Co-Founder).

Background:

The University of Michigan Department of Climate and Space Sciences and Engineering seeks approval to enter into an agreement with Michigan Aerospace Corporation for design and fabrication of microscope video surveillance system software.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute, as Lennard Fisk is a University employee as the Thomas M. Donahue Distinguished University Professor of Space Science in the Department of Climate and Space Sciences and Engineering and would be party to the agreement as Stockholder, Director and Co-Founder of Michigan Aerospace Corporation.

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.

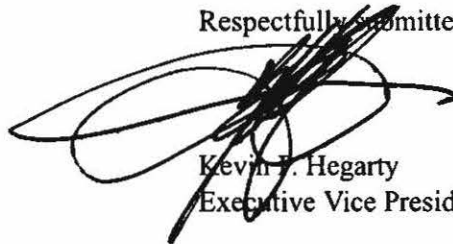
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Department of Climate and Space Sciences and Engineering and Michigan Aerospace Corporation.
- ii) The agreement is for a duration of one year at a total cost not to exceed \$96,000. Michigan Aerospace Corporation will be supplying all the necessary resources and personnel to fulfill this contract. The remaining base contract terms and conditions are typical to those used in Procurement Services standard templates for other similar contracts entered into by the Regents.
- iii) The pecuniary interest arises from the fact that University of Michigan employee, Lennard Fisk is Stockholder, Director and Co-Founder of Michigan Aerospace Corporation.

Lennard Fisk 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 by the supervisor of Lennard Fisk, 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 Michigan Aerospace Corporation subject to requirements, if any, that the supervisor of Lennard Fisk or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kevin J. Hegarty", is written over the typed name and title.

Kevin J. Hegarty
Executive Vice President and Chief Financial Officer

February 2019