

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 Refraction AI (University of Michigan Employees, Corey Turner, Employee; Ram Vasudevan, Employee and Stockholder; and Matthew Johnson-Roberson, Director and Stockholder).

Background:

The University of Michigan Stephen M. Ross School of Business Zell Lurie Commercialization Fund seeks approval to transact with Refraction AI for an investment.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Corey Turner is a University Employee as Project Senior Manager with the College of Engineering Naval Architecture and Marine Engineering and would be party to the contract as employee of Refraction AI, Ram Vasudevan is a University employee as Associate Professor with the Department of Mechanical Engineering and would be party to the contract as employee and stockholder of Refraction AI, and Matthew Johnson-Roberson is a University employee as Associate Professor with the College of Engineering Naval Architecture and Marine Engineering and would be party to the contract as director and stockholder of Refraction AI.

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 Zell Lurie Commercialization Fund and Refraction AI.
- ii) The agreement is for a one time transaction at a total cost not to exceed \$75,000. Refraction AI 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 employees, Corey Turner is employee, Ram Vasudevan is employee and stockholder, and Matthew Johnson-Roberson is director and stockholder of Refraction AI.

Corey Turner, Ram Vasudevan, and Matthew Johnson-Roberson 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 by the supervisors of Corey Turner, Ram Vasudevan, and Matthew Johnson-Roberson, 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 Refraction AI subject to requirements, if any, that the supervisors of Corey Turner, Ram Vasudevan, and Matthew Johnson-Roberson or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,

A large, stylized handwritten signature in black ink, appearing to read 'Kevin P. Hegarty', is written over the typed name and title.

Kevin P. Hegarty
Executive Vice President and Chief Financial Officer

February 2020