

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 of Michigan to transact with Packard Health, Inc., a Michigan non-profit corporation (University of Michigan Employees, Dr. Nora Maloy, Officer of Packard Health, Inc., and Dr. Raymond Rion, Executive Director of Packard Health, Inc.)

Background:

The University of Michigan seeks approval to transact with Packard Health, Inc. for a license agreement for University of Michigan use of spaces at the Packard Health, Inc. building located at 5200 Venture Drive, Ann Arbor, Michigan. The spaces will be utilized for development and testing of iGYM, an augmented reality system for inclusive play and exercise, by the Stamps School of Art & Design, College of Engineering, and School of Information.

The proposed license agreement falls under the State of Michigan conflict of interest statute as Dr. Nora Maloy and Dr. Raymond Rion are University of Michigan employees and party to the license agreement by virtue of their acting as an officer and executive director, respectively, of Packard Health, Inc. However, the statute allows university employees to participate in such license agreements, if the following conditions are met:

- a) The public servant promptly discloses any pecuniary interest in the lease agreement to the official body that has power to approve the license agreement, which disclosure shall be a matter of record in its official proceedings.
- b) The license agreement is approved by a vote of not less than two-thirds 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 license agreement.
 - ii) The terms of the license agreement, including duration, financial consideration between the parties, facilities or services of the public entity included in the license agreement, and the nature and degree of assignment of employees of the public entity for fulfillment of the license agreement.
 - 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 license agreement are the Regents of the University of Michigan and Packard Health, Inc., a Michigan non-profit corporation.
- ii) The service to be provided is the use of the following:

Open floor space (the “iGYM Space”), designated restrooms, and interior and exterior common areas at the Packard Health Inc. building located at 5200 Venture Drive, Ann Arbor, Michigan for 1-year, beginning April 1, 2021 through March 31, 2022. The term may be renewed for one (1) additional year, if both parties execute a renewal agreement. There is no fee for use of the space. University of Michigan will be responsible for providing internet services for its sole use, and for janitorial services within the licensed area.

- iii) The pecuniary interest arises from the fact that University of Michigan employees; Dr. Nora Maloy is an Officer of Packard Health, Inc., and Dr. Raymond Rion, is Packard Health, Inc. Executive Director.

Dr. Nora Maloy and Dr. Raymond Rion have met state law requirements with the disclosure of their pecuniary interest and their formal appointment arrangements with the University of Michigan.

We recommend that the Board of Regents approve the agreement between the University of Michigan and Packard Health, Inc., subject to the requirements, if any, of a conflict management plan required by the respective employees’ supervisor, and any requirements imposed by the conflict of interest committees of the Medical School.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and
Chief Financial Officer

March 2021