

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 Avicenna Medical Systems, Inc. (University of Michigan Employees, Khaled El-Safty, Owner and Frank Pelosi, Owner and Director).

Background:

The University of Michigan Urology Department seeks approval to enter into an agreement with Avicenna Medical Systems, Inc. for development and implementation of a medication dashboard in the Veterans Administration electronic health record.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Khaled El-Safty is a University employee as Applications Systems Analyst/Programmer Senior with Health Information Technology & Services and would be party to the agreement as owner of Avicenna Medical Systems, Inc. and Frank Pelosi is a University employee as Clinical Associate Professor with Internal Medicine and would be party to the contract as owner and director of Avicenna Medical Systems, Inc.

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 Urology Department and Avicenna Medical Systems, Inc.
- ii) The agreement is for a duration of two years at a total cost not to exceed \$15,000. Avicenna Medical Systems, Inc. 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, Khaled El-Safty is owner and Frank Pelosi is owner and director of Avicenna Medical Systems, Inc.

Khaled El-Safty and Frank Pelosi 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 Khaled El-Safty and Frank Pelosi, 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 Avicenna Medical Systems, Inc. subject to requirements, if any, that the supervisors of Khaled El-Safty and Frank Pelosi or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Geoffrey S. Chatas  
Executive Vice President and Chief Financial Officer

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