

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
May 15, 2008

ACTION REQUEST

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

Action Requested: Authorization for the University to enter into a Consulting Agreement with Cielo MedSolutions LLC (University of Michigan Employees Dr. Lee Green, Dr. Michael Klinkman, Dr. Donald Nease, Jr. and James D. Price, Members)

Background:

The University of Michigan Department of Family Medicine (DFM-UM) seeks approval to enter into a consulting agreement with Cielo MedSolutions LLC (Cielo). Cielo has already granted to DFM-UM the software license agreement for Cielo Clinic, a clinical quality management system. The Cielo Clinic software program is licensed to Cielo by an agreement through the U-M Office of Technology Transfer. DFM-UM requires a consultant from Cielo to provide the technical support in creating linkage between DFM-UM's Cielo Clinic database to include the St. John Health System's laboratory and clinical information system. The consultant is David Morin, CEO of Cielo, who is uniquely qualified and experienced to provide consultation for this proprietary software management system.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Dr. Lee Green, Dr. Michael Klinkman, Dr. Donald Nease, Jr. and James D. Price are University employees and would be a party to the contract as members of Cielo. However, the Statute allows the University to enter into such contracts 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.

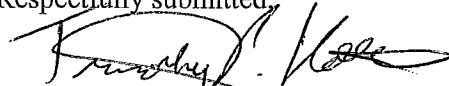
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Department of Family Medicine and Cielo.
- ii) The fixed fee consulting agreement is to provide the technical support in extending the existing linkage between DFM-UM's Colorectal Web and Cielo Clinic to include the integrated St. John Health System's laboratory and clinical information systems for a fixed cost of \$2,500.
- iii) The pecuniary interest arises from the fact that Dr. Lee Green, Dr. Michael Klinkman, Dr. Donald Nease, Jr. and James D. Price, University of Michigan employees as Professor, Associate Professor and Associate Professor in the Department of Family Medicine and Lecturer II in the Ross School of Business, respectively, are members of Cielo.

Dr. Lee Green, Dr. Michael Klinkman, Dr. Donald Nease, Jr. and James D. Price 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 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 Cielo subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President
and Chief Financial Officer

May 2008