

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 extend an agreement with the University of Michigan Credit Union (University of Michigan Employees, Paul Kirsch and Jeff Frumkin, Board Chair, and Vice Chair, respectively)

Background:

The University of Michigan Kellogg Eye Center Ophthalmology and Visual Sciences seeks approval to extend an agreement with the University of Michigan Credit Union ("UMCU") for patient financing of LASIK eye surgery.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Paul Kirsch is a University employee as Managing Director with the Ross School of Business Office of Undergraduate Programs and would be a party to the agreement as Board Chair of UMCU and Jeff Frumkin is a University employee as Associate Vice Provost and Senior Director with Academic Human Resources and would be a party to the agreement as Vice Chair of UMCU.

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.

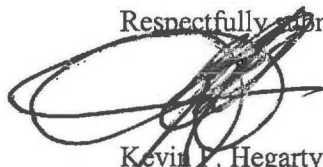
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Kellogg Eye Center Ophthalmology and Visual Sciences and UMCU.
- ii) The agreement is to extend the current agreement for patient financing of LASIK eye surgery for 2 additional years. The approximate cost is \$5,506 over the term of the extension.
- iii) The pecuniary interest arises from the fact that University of Michigan employees Paul Kirsch and Jeff Frumkin are Board Chair and Vice Chair, respectively, of UMCU.

Paul Kirsch and Jeff Frumkin 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 UMCU subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Kevin P. Hegarty', is written over the printed name and title.

Kevin P. Hegarty
Executive Vice President
and Chief Financial Officer

July 2016