

**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 an agreement with the University of Michigan Credit Union (University of Michigan Employees, Paul Kirsch and Mary L. Krasny, Directors and Members; Earl Bell and Lukeland Gentles, Directors).

Background:

The University of Michigan Kellogg Eye Center Ophthalmology and Visual Sciences seeks approval to enter an agreement with The University of Michigan Credit Union (UMCU) for patient financing for 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 Stephen M. Ross School of Business and would be party to the contract as Board Director and Member of UMCU; Mary L. Krasny is a University employee as Associate Director for Hospital Design and Construction with Facilities and Operations Architecture, Engineering and Construction and would be party to the contract as Board Director and Member of UMCU; Earl Bell is a University employee as Associate Director of Business Operations with MHealthy and would be party to the contract as Board Director of UMCU and Lukeland Gentles is a University employee as Associate Director with Facilities and Operations Finance and would be party to the contract as Board Director 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.

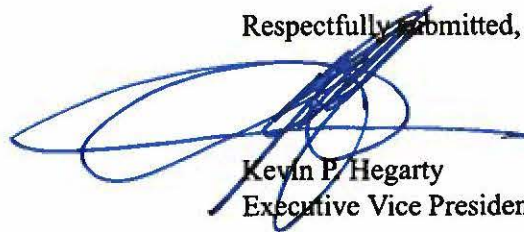
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- 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 for a duration of three years at a total cost not to exceed \$9,725. University of Michigan Credit Union will be supplying all the necessary resources and personnel to fulfill this. 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, Paul Kirsch, Mary L. Krasny, Earl Bell and Lukeland Gentles are Board Members of The University of Michigan Credit Union.

Paul Kirsch, Mary L. Krasny, Earl Bell and Lukeland Gentles 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 supervisor of Paul Kirsch, Mary L. Krasny, Earl Bell and Lukeland Gentles, 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 the supervisor of Paul Kirsch, Mary L. Krasny, Earl Bell and Lukeland Gentles or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President and Chief Financial Officer

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