

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
September 22, 2006

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 Purchasing Contract with K-Space Associates, Inc. (University of Michigan Employee Roy Clarke, Co-Founder and Co-Owner)

Background:

The University of Michigan's Materials Science and Engineering wishes to enter into a contract with K-Space Associates, Inc. to purchase a RHEED analysis system. Roy Clarke, an Assistant Research Scientist, is the Co-Founder and Co-Owner of K-Space Associates, Inc. K-Space Associates, Inc. was chosen to provide this product because it is compatible with existing equipment and negated the need for purchasing additional software.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as Roy Clarke is a University employee and would be a party to the contract by virtue of his Co-Ownership of K-Space Associates, Inc. However, the Statute allows University employees to participate in such purchases, 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 Materials Science and Engineering, and K-Space Associates, Inc.
- ii) The product to be provided is a RHEED analysis system for a total dollar amount of \$5,950.00.
- iii) The pecuniary interest arises from the fact that Roy Clarke, a University of Michigan employee, is the Co-Founder and Co-Owner of K-Space Associates, Inc.

Roy Clarke has met state law requirements with the disclosure of his pecuniary interest, and his 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 contract between the University of Michigan and K-Space Associates, Inc., subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,


Timothy P. Slotow
Executive Vice President & Chief Financial Officer

September 2006