

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 Logical Images, Inc. (University of Michigan Employee Charles N. Ellis, Consultant with option rights)

Background:

The University of Michigan Health System Chief of Staff Office seeks approval to enter into an agreement with Logical Images, Inc. ("Logical") for a one year enterprise license for VisualDx. VisualDx is visual diagnostic support software, combining images and knowledge to assist healthcare providers increase diagnostic accuracy. Logical was selected because of their proprietary software and discounted pricing.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Charles N. Ellis is a University employee and would be a party to the contract as a consultant for Logical with option rights. 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:

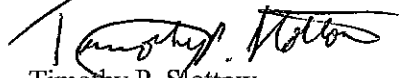
- i) The parties involved in the agreement are the Regents of the University of Michigan, UMHS Chief of Staff Office and Logical.

- ii) The agreement is for a one year enterprise license for VisualDx for \$14,112.
- iii) The pecuniary interest arises from the fact that Charles N. Ellis, University of Michigan employee as Associate Chair and Professor of the Dermatology Department, is a consultant for Logical with option rights.

Charles N. Ellis has met state law requirements with the disclosure of his 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 payments between the University of Michigan and Logical 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  
and Chief Financial Officer

September 2010