

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 Cornell Farms,
LLC (University of Michigan Employee Marie S. Cornell, Owner)

Background:

The University of Michigan Department of Orthopaedic Surgery and the Department of Biomedical Engineering seek approval to enter into an agreement with Cornell Farms, LLC for housing and caring for sheep used in research projects. The farm environment will provide natural enrichment after surgery and experimental therapy have been performed. Cornell Farms, LLC was selected because of their immediate capacity to house the sheep, proximity to the University and experience. The agreement is for a duration of three years.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Marie S. Cornell is a University employee and would be a party to the agreement as owner of Cornell Farms, LLC. 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 agreement.
 - 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.

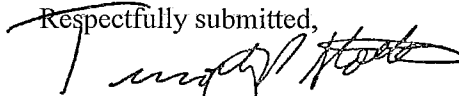
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contracts are the Regents of the University of Michigan and its Department of Orthopaedic Surgery and its Department of Biomedical Engineering and Cornell Farms LLC.
- ii) The agreement is for housing and caring for sheep for a three year period not to exceed a total cost of \$63,752.
- iii) The pecuniary interest arises from the fact that University of Michigan employee Marie S. Cornell, as a Research Laboratory Technician Intermediate in the Department of General Surgery, is owner of Cornell Farms, LLC.

Marie S. Cornell has met state law requirements with the disclosure of her 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 Cornell Farms, LLC 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

September 2011