

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 ElectroDynamic Applications (EDA) for development support services for a 100 kW class Nested Hall Thruster.

Background:

The University of Michigan, Department of Aerospace Engineering seeks to enter into an agreement with EDA for development support services for a 100 kW class Nested Hall Thruster per the specific request of the Department of the Air Force whose grant is funding Professor Gallimore's design, construction, and initial testing of a 100 kW class Nested Hall Thruster. The proposed term of the agreement is from January 2011 through December 2015 (not to exceed \$86,267).

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Professor Alec Gallimore is a University employee within the Department of Aerospace Engineering and would receive payment from the University for work done through his own business. 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 to the contract are the Regents of the University of Michigan and ElectroDynamic Applications, Inc (EDA).
- ii) The Department is seeking approval of a four (4) year agreement with EDA for development support services, not to exceed \$86,267.
- iii) The pecuniary interest arises from the fact that Professor Alec Gallimore, University of Michigan employee, is the owner of EDA.

Professor Alec Gallimore 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 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 EDA subject to requirements, if any, that OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President
and Chief Financial Officer

January 2011