

**THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION**

Approved by the Regents

June 19, 2008

ACTION REQUEST

Subject: Regental Action Required Under the State of Michigan Conflict of Interest Statute

Action Requested: Authorization for the University to purchase from Cedar Creek Farms (University of Michigan Employee Sharon Armock, Co-Owner)

Background:

The University of Michigan Biological Station (UMBS) seeks approval to purchase eggs from Cedar Creek Farms for the next three years. The UMBS endeavors to purchase locally grown produce and eggs for its dining hall operations from May through September. Cedar Creek Farms is the only local, insured producer of cage free eggs that is also licensed by the Michigan Department of Agriculture. Their price per dozen eggs was competitive when compared with four other local providers.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as Sharon Armock is a University employee and would be a party to the contract as co-owner of Cedar Creek Farms. 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 transaction are the Regents of the University of Michigan and its Biological Station and Cedar Creek Farms.

- ii) Total payment to Cedar Creek Farms is not to exceed \$5,000 per year. The price per dozen for their cage free eggs this season is \$3.00 per dozen. For three years through 2010, overall payment may not exceed \$15,000.
- iii) The pecuniary interest arises from the fact that Sharon Armock, University of Michigan temporary employee as a Food Service Worker, is a co-owner of Cedar Creek Farms.

Sharon Armock 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 Cedar Creek Farms 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

June 2008