

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
July 19, 2007

ACTION REQUEST

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

Action Requested: Authorization for the University to Approve a Payment for Ann Arbor
SPARK (University of Michigan Employee Kenneth Nisbet, Board
Member)

Background:

The University of Michigan's Institute for Entrepreneurial Studies wishes to receive approval to make payment to Ann Arbor SPARK. The department wishes to make this payment to fund a portion of compensation for an MBA intern in the Marcel Gani Internship Program. Ann Arbor SPARK has chosen to participate in this program by selecting a student intern through the annual Internship Rush Recruitment Event. This payment will provide funds which will be matched by Ann Arbor SPARK.

The proposed agreement falls under the State of Michigan Contracting with Governmental Employees Statute because University employees who are deemed interested parties to the agreement under the statute are:

- a) Kenneth Nisbet, by virtue of his membership on SPARK's Board of Directors. President Mary Sue Coleman serves on SPARK's Board of Directors, but a different statute (MCLA 15.301 et seq.) applies and its application does not require formal Regents' Action.

However, the applicable statute allows University employees to participate in 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 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 Institute for Entrepreneurial Studies and Ann Arbor SPARK.
- ii) The service provided is placement of a student intern. The cost for the service is \$7,497.28.
- iii) The pecuniary interest arises from the fact that Kenneth Nisbet, University of Michigan employee, is on the Board of Directors of Ann Arbor SPARK.

Kenneth Nisbet 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 payment between the University of Michigan and Ann Arbor SPARK, 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

July 2007