

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents

October 25, 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 to Boxcar Studio
(University of Michigan Employee T. J. Smith, Co-Owner)

Background:

The University of Michigan's Ross School of Business wishes to receive approval to make a payment to Boxcar Studio for website development for the Nonprofit and Public Management Center. The department selected Boxcar Studio via a bid process and they were selected due to their low bid. T. J. Smith, a University of Michigan Employee, is Co-Owner of Boxcar Studio.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as T. J. Smith is a University employee and would be a party to the contract by virtue of his role as Co-Owner of Boxcar Studio. 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 its Ross School of Business and Boxcar Studio.
- ii) The service provided is website development. The total cost for the service is \$3,112.50.

- iii) The pecuniary interest arises from the fact that T. J. Smith, a University of Michigan employee, is Co-Owner of Boxcar Studio.

T. J. Smith 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 Boxcar Studio, 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

October 2007