

**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 LimnoTech, Incorporated (University of Michigan Employees, Peter Adriaens and Allen Burton, Contractor and Consultant, respectively)

Background:

The University of Michigan Graham Sustainability Institute seeks approval to enter into an agreement with LimnoTech, Incorporated ("LimnoTech") for consulting services to develop a suite of automated annual state of the National Estuarine Research Reserve System ("NERRS") System Wide Monitoring Program reports. The department was the recipient of a Federal Grant from the Department of Commerce, National Oceanic and Atmospheric Administration for funding of the project.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Peter Adriaens is a University employee as Professor of Civil and Environmental Engineering with the College of Engineering and Allen Burton is a University employee as Professor of Natural Resources and Environment with the School of Natural Resources and Environment and would be potential beneficiaries to the contract as Contractor and Consultant, respectively, with LimnoTech.

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 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 Graham Sustainability Institute and LimnoTech.
- ii) The agreement is for consulting services to develop a suite of automated annual NERRS System Wide Monitoring Program reports for a one year term at a total cost of \$87,750. The remaining base contract terms and conditions are typical to those used in Procurement Services standard templates for other similar contracts entered into by the Regents.
- iii) The pecuniary interest arises from the fact that University of Michigan employees, Peter Adriaens and Allen Burton, are Contractor and Consultant, respectively with LimnoTech.

Peter Adriaens and Allen Burton have met state law requirements with the disclosure of their pecuniary interest and formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable by the supervisors of Peter Adriaens and Allen Burton under the Medical School's or OVP'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 LimnoTech subject to requirements, if any, that the supervisors of Peter Adriaens and Allen Burton or the Medical School's or OVP's Conflict of Interest Committee may impose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kevin P. Hegarty', is written over the typed name and title.

Kevin P. Hegarty
Executive Vice President
and Chief Financial Officer

February 2017