

**THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION**

ACTION REQUEST

Approved by the Regents

March 19, 2009

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

Action Requested: Authorization for the University to make Additional Purchase from Arborwind Farm, LLC (University of Michigan Employees Douglas Luma and Jill Becker, Owner and Member, respectively)

Background:

The University of Michigan Molecular & Behavioral Neuroscience Institute ("MBNI") seeks approval to make an additional purchase from Arborwind Farm, LLC ("Arborwind") for the construction of a custom designed behavioral testing chamber required for animal testing research. Arborwind was selected because their pricing was fair and reasonable and they agreed to complete the required services within the time constraints of the research project.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Douglas Luma and Jill Becker are University employees and would be a party to the contract by virtue of their positions as owner and member of Arborwind, respectively. 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.

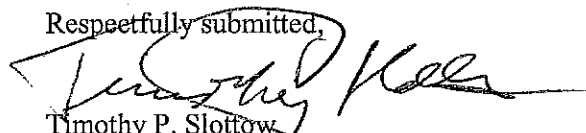
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its MBNI and Arborwind.
- ii) The purchase is to pay for the labor to construct and fabricate one additional testing chamber at Arborwind's facilities. The actual labor hours per chamber is 47 hours at a cost of \$75 per hour. Total cost for the additional chamber is \$3,525 for work to be completed by February 27, 2009.
- iii) The pecuniary interest arises from the fact that University of Michigan employees Douglas Luma as Preventative Maintenance Planner in Maintenance Services and Jill Becker as Professor in the Psychology Department and MBNI, are Owner and Member of Arborwind, respectively.

Mr. Luma and Ms. Becker have met state law requirements with the disclosure of their pecuniary interests 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 Arborwind Farm, LLC, 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

March 2009