

Approved by the Regents
May 19, 2011

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 Establish a Contract with BHJ Tech, Inc.
(University of Michigan Employee Jinan Li, Owner)

Background:

The University of Michigan Health System, Department of Material Services seeks to establish a contract with BHJ Tech, Inc. for development of a Medical Equipment Digital Library (MEDL) to track the digital documents, images and videos of medical equipment as well as an educational system for employees. The department selected BHT Tech, Inc. based on their familiarity with the department and its systems. The contract duration for these services is for a period of one year. The total cost for development and maintenance services is \$15,000.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Jinan Li is a University employee as Software Developer Sr. at the Medical Center Information Technology Department and would be party to the agreement as Owner of BHJ Tech, Inc. 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.

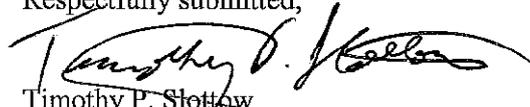
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan, Department of Material Services and BHJ Tech, Inc.
- ii) The agreement is for development and departmental use of the Medical Equipment Digital Library (MEDL) program for a period of one year. The cost for said work will be \$3,000 for development and \$1,000 per month maintenance for a total cost of \$15,000.
- iii) The pecuniary interest arises from the fact that Jinan Li is a University of Michigan employee and Owner of BHJ Tech, Inc.

Jinan Li has met state law requirements with the disclosure of his 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 BHJ Tech, Inc. 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

April 2011