

**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 transact with Clinc, Inc. (University of Michigan Employees identified below, Stockholders, Directors, Employees)

Background:

The University of Michigan Business Engagement Center seeks approval to transact with Clinc, Inc. for the 2017 summer internship support through the Michigan Corporate Relations Network (“MCRN”), Small Company Internship Award. Clinc, Inc. was selected based on their application to participate in the MCRN intern program.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as the following individuals are University employees and would be parties to the contract as identified below:

1. Johann Hauswald, Graduate Student Research Assistant with the Electrical Engineering and Computer Science Department, Rackham Graduate School – Stockholder and Employee of Clinc, Inc.
2. Parker Hill, Graduate Student Research Assistant with the Electrical Engineering and Computer Science Department, Rackham Graduate School – Stockholder and Employee of Clinc, Inc.
3. Yiping Kang, Graduate Student Research Assistant with the Electrical Engineering and Computer Science Department, Rackham Graduate School – Stockholder and Employee of Clinc, Inc.
4. Stefan Larson, Graduate Student with the Electrical Engineering and Computer Science Department, Rackham Graduate School – Stockholder and Employee of Clinc, Inc.
5. Michael Laurenzano, Research Fellow with the Electrical Engineering and Computer Science Department, College of Engineering – Stockholder and Employee of Clinc, Inc.
6. Jason Mars, Assistant Professor with the Electrical Engineering and Computer Science Department, College of Engineering – Stockholder, Director, and Employee of Clinc, Inc.
7. Lingjia Tang, Associate Professor with the Electrical Engineering and Computer Science Department, College of Engineering – Stockholder, Director, and Employee of Clinc, Inc.
8. Yunqi Zhang, Graduate Student Instructor with the Electrical Engineering and Computer Science Department, Rackham Graduate School – Stockholder and Employee of Clinc, Inc.

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.

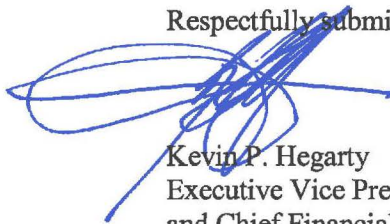
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Business Engagement Center, and Cline, Inc.
- ii) The agreement is for a summer internship that will run from May 1, 2017, through August 31, 2017, at a cost of \$2,400 per month for a total cost of \$9,600. Cline, Inc. will be supplying all the necessary resources and personnel to fulfill this contract. 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 eight University of Michigan employees, identified above, are Stockholders, Directors, and Employees of Cline, Inc.

The eight University employees identified above 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 the eight employees 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 Cline, Inc. subject to requirements, if any, that the supervisors of the eight University employees or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Kevin P. Hegarty
Executive Vice President
and Chief Financial Officer

May 2017