

**THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION**

**Approved by the Regents
July 15, 2010**

ACTION REQUEST

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

Action

Requested: Authorization for the University to Enter Into a License Agreement with University Corporation for Advanced Internet Development (Internet 2) (University of Michigan Employees Douglas Van Houweling, Barbara Nanzig and Mike LaHaye)

Background:

The University of Michigan's Information and Technology Services unit (ITS) wishes to enter into a license for providing Internet 2 use of computing resources at the Michigan Academic Computing Center ("MACC"), located at 1000 Oakbrook. This license continues Internet 2's existing use and is needed in conjunction with the University's assuming full operational and legal responsibility for MACC operations. The license document will be used as a template for other existing third party users should they choose to continue using the data center after the University assumes responsibility for it.

The proposed license falls under the State of Michigan conflict of interest statute applicable to contracts between a government entity and one of its employees because Doug Van Houweling, Barbara Nanzig and Mike LaHaye are University employees performing roles with significant management and decision-making activities for Internet 2. 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 University Corporation for Advanced Internet Development (Internet 2) and Regents of the University of Michigan.
- ii) The agreement provides for use of the data center at rates and charges designed to recoup entirely University costs. Total annual charges for use are estimated for year 1 to be \$58,000.
- iii) The pecuniary interest arises from the fact that Doug Van Houweling, Barbara Nanzig and Mike LaHaye are University employees performing leased employee work activities for Internet 2.

The employees have met state law requirements with the disclosure of their pecuniary interest. Requirements, if any, that may be applicable under the Medical School's or OVPR's Conflict of Interest Committee's procedures or applicable departmental unit's requirements are separately analyzed and managed.

We recommend that the Board of Regents approve the payment between the University of Michigan and University Corporation for Advanced Internet Development, subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee or the applicable departmental unit's conflict of interest process may impose.

Respectfully submitted,



Timothy P. Slotow
Executive Vice President and Chief Financial Officer

July 2010