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 a Contract with SwirlTech LLC (University of Michigan Employee Michael Hess, Owner)

Background:

The University of Michigan’s student newspaper, Michigan Daily, seeks approval to enter into a maintenance contract with SwirlTech LLC (“SwirlTech”). The Michigan Daily re-designed their website last year and received prior Regental approval to use SwirlTech’s services in building and launching the new web content management system and one year of maintenance support. SwirlTech was selected for this service because they offered a system with greater customization, control, flexibility and autonomy in creating advertising content. Michael Hess, a University of Michigan Employee, is the Owner of SwirlTech.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as Michael Hess is a University employee and would be a party to the contract as owner of SwirlTech. However, the Statute allows University employees to participate in such purchases, 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 Michigan Daily student newspaper and SwirlTech.

ii) The service provided is annual maintenance support for an online content management system over 5 years not to exceed a total of $175,000.

iii) The pecuniary interest arises from the fact that Michael Hess, a University of Michigan employee as Applications Programmer Analyst in the Department of Family Medicine and Adjunct Lecturer in the School of Information, is Owner of SwirlTech.

Michael Hess has met state law requirements with the disclosure of his pecuniary interest, and his 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 contract between the University of Michigan and SwirlTech, 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

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