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

Authorization for the University to transact with Newline Builders (University of Michigan Employee, Frederic Bayoff, Owner)

The University of Michigan Department of Human Genetics seeks approval to transact with Newline Builders for fabrication and purchase of wireless respiratory sensors for patient monitoring. Newline Builders was selected because their product’s unique characteristics are required for development of testing platforms to obtain temperature and respiratory sound readings wirelessly.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Frederic Bayoff is a University employee as Senior Programmer Analyst with the Department of Psychiatry and would be a party to the contract as Owner of Newline Builders.

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 Department of Human Genetics, and Newline Builders.

ii) The agreement is for fabrication and the purchase of 30 wireless respiratory sensors for patient monitoring within the calendar year 2016, at a total cost not to exceed $45,000. Newline Builders 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 University of Michigan employee, Frederic Bayoff, is the Owner of Newline Builders.

Frederic Bayoff 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 by the supervisor of Frederic Bayoff 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 Newline Builders subject to requirements, if any, that the supervisor of Frederic Bayoff 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

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