

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 Extend a Contract with Michigan Information Technology Center (University of Michigan Employees John L. King, Douglas E. Van Houweling, Donald J. Welch, and Barbara S. Nanzig, Board Members; and Betty J. Burke, Facilities Manager)

Background:

The University of Michigan Information Technology Central Services (ITCS) and Information Technology Communications (ITCom) request a one year extension of authorization to lease fiber optic cable strands from Michigan Information Technology Center (MITC) through 2008. John L. King, Douglas E. Van Houweling, Donald J. Welch, and Barbara S. Nanzig are all members of the Board of Directors of MITC. Betty J. Burke is additionally disclosed as Facilities and Special Projects Manager for MITC. MITC was chosen because the Michigan Academic Computing Center (MACC) is located on their premises and requires dedicated broadband connectivity to University networks. This lease is required until ITCom is able to complete their own cable routes into MACC, and represents current usage for CAEN (formerly Computer Aided Engineering Network) and the Medical School.

The proposed contract falls under the State of Michigan Conflict of Interest Statute as John L. King, Douglas E. Van Houweling, Donald J. Welch, and Barbara S. Nanzig are University employees and would be a party to the contract by virtue of their position as Board Members of MITC. 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.

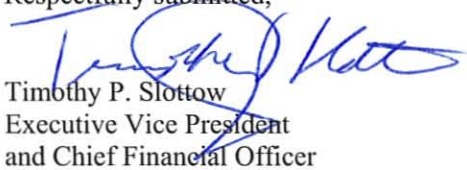
The following information is provided in compliance with the statutory requirements contained in Section (c) on the prior page:

- i) The parties to the contract are the Regents of the University of Michigan and its ITCS and ITCOM departments and Michigan Information Technology Center.
- ii) The purchase is month-to-month leasing of 8 to 16 fiber optic cable strands. Prior approval was obtained for usage through 2007 for \$48,000. This additional request is for usage through 2008 not to exceed a total of \$57,600.
- iii) The pecuniary interest arises from the fact that John L. King, Douglas E. Van Houweling, Donald J. Welch, and Barbara S. Nanzig, University of Michigan employees, are members of the Board of Directors of Michigan Information Technology Center.

John L. King, Douglas E. Van Houweling, Donald J. Welch, and Barbara S. Nanzig have met state law requirements with the disclosure of their pecuniary interest, and their 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 additional payment between the University of Michigan and Michigan Information Technology Center, 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

November 2008