

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 BHJ Tech, Inc.
(University of Michigan Employee Jinan Li, Owner)

Background:

The University of Michigan's Hospital and Health Centers Department of Material Services seeks approval to extend their contract with BHJ Tech, Inc. ("BHJ Tech") for database design, scanning software, and implementation. It will also include continuation of monthly maintenance and support of the Medical Equipment Digital Library (MEDL) to track the digital documents, images and videos of medical equipment that will serve as an educational system for employees.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Jinan Li is a University employee as Application System Analyst/Programmer in the Department of Medical Center Information Technology and would be a party to the contract as an Owner of BHJ Tech.

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.

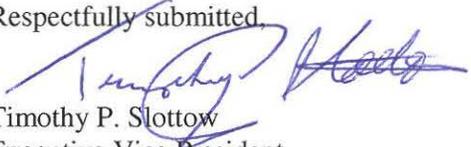
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan, its Department of Material Services and BHJ Tech.
- ii) This agreement extension is for database design, scanning software, and implementation. It will also include continuation of monthly maintenance and support for the Medical Equipment Digital Library (MEDL) program from May 1, 2012 – June 30, 2014. The total cost for the two years will be \$110,000 (\$60,000 for database design, scanning software, implementation \$2000 per month for continued monthly maintenance and support).
- iii) The pecuniary interest arises from the fact that University of Michigan employee, Jinan Li, is the owner of BHJ Tech.

Jinan Li 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 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 BHJ Tech 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 2012