

**THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION**

**Approved by the Regents  
April 19, 2012**

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 SwirlTech, LLC (University of Michigan Employee Mike Hess, Owner).

Background:

The University of Michigan's student newspaper, Michigan Daily, seeks approval to extend the current contract with SwirlTech LLC for web content management system monthly maintenance and which will now include leasing with the option to purchase hosting and replacement hardware.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Michael Hess is a University employee as Applications Programmer Analyst Senior in the Department of Family Medicine and Adjunct Lecturer in the School of Information and would be party to the agreement as Owner of SwirlTech, LLC.

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.

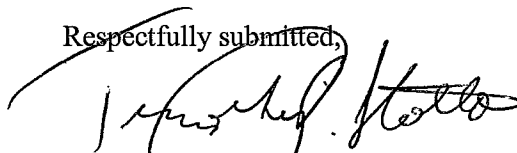
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its Michigan Daily student newspaper and SwirlTech, LLC.
- ii) The agreement is for an extension of three (3) years of web content management system maintenance and the inclusion of a 12 month lease of necessary hardware additions and replacements with buy-out option. The cost originally approved for this service was \$175,000. The extension amount will not exceed \$200,000 and the total contract amount for the period ending 9/1/2017 will not exceed \$375,000.
- iii) The pecuniary interest arises from the fact that University of Michigan employee, Michael Hess, is Owner of SwirlTech, LLC.

Michael Hess 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 SwirlTech, LLC 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

April 2012