

**THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION**

Approved by the Regents

May 17, 2007

ACTION REQUEST

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

Action

Requested: Authorization for the University to Approve a Payment to Boxcar Studio (University of Michigan Employee T. J. Smith, Co-Owner)

Background:

The University of Michigan's Matthei Botanical Gardens wishes to receive approval to make a payment to Boxcar Studio for their website design, production and training. By way of a bid process, the department selected Boxcar Studio due to their technical expertise and design options. T. J. Smith, a University of Michigan Employee, is Co-Owner of Boxcar Studio.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as T. J. Smith is a University employee and would be a party to the contract by virtue of his role as Co-Owner of Boxcar Studio. 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 and its Matthei Botanical Gardens and Boxcar Studio.
- ii) The service provided is website design and training. The total cost for the service is \$1,147.50.
- iii) The pecuniary interest arises from the fact that T. J. Smith, a University of Michigan employee, is Co-Owner of Boxcar Studio.

T. J. Smith 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 payment between the University of Michigan and Boxcar Studio, 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

May 2007