

**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 enter into an agreement with University of Michigan Credit Union (University of Michigan Employees, Earl Bell and Paul Kirsch are Officers of the Board, Secretary and Treasurer, respectively).

Background:

The University of Michigan Treasurer's Office seeks approval to enter into an agreement with the University of Michigan Credit Union (UMCU) to license the placement of automated teller machines.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Earl Bell is a University employee as the Chief Financial Officer with the A. Alfred Taubman College of Architecture and Urban Planning and Paul Kirsch is a University employee as the Managing Director of Undergraduate Programs with the Stephen M. Ross School of Business and would be parties to the agreement as officers of the board, secretary and treasurer respectively, of UMCU.

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 Treasurer's Office and UMCU.
- ii) The agreement is for a duration of three years at a total cost not to exceed \$36,000. UMCU will be supplying all the necessary resources and personnel to fulfill this contract. The remaining base contract terms and conditions were tailored to meet the particular needs of this contract and have been approved by Procurement Services after advice from the Office of General Counsel.
- iii) The pecuniary interest arises from the fact that University of Michigan employees, Earl Bell and Paul Kirsch are officers of the board, secretary and treasurer respectively, of UMCU.

Earl Bell and Paul Kirsch have met state law requirements with the disclosure of their pecuniary interest and formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable by the supervisors of Earl Bell and Paul Kirsch 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 UMCU subject to requirements, if any, that the supervisors of Earl Bell and Paul Kirsch or the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Brian Smith
Interim Executive Vice President and Chief Financial Officer

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