

**THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION**

**Approved by the Regents
July 15, 2010**

ACTION REQUEST

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

Action Requested: Authorization for the University to Purchase Assets from United Bank and Trust - Washtenaw (UBT) (University of Michigan Employees James Peggs and Leonard Middleton)

Background:

The University of Michigan's Information and Technology Services unit (ITS) wishes to purchase the assets needed to obtain full operational responsibility of the Michigan Academic Computing Center, located at 1000 Oakbrook. The purchase is through a Uniform Commercial Code voluntary turn-over foreclosure sale of assets of the Michigan Information Technology Center Foundation ("MITC"). The total purchase price is \$1,250,000. The University would also agree with the Bank to not jeopardize the voluntary turn-over and forego collection of the University's account receivable from MITC in the approximate amount of \$740,000.

The proposed purchase falls under the State of Michigan conflict of interest statute applicable to contracts between a government entity and its employees because James Peggs and Leonard Middleton are University employees that sit on the UBT Board of Directors. 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.

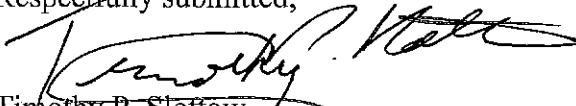
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the United Bank and Trust - Washtenaw and Regents of the University of Michigan.
- ii) The purchase price is \$1,250,000.
- iii) The pecuniary interest arises from the fact that James Peggs and Leonard Middleton are University employees also on the Board of Directors of UBT.

The employees have met state law requirements with the disclosure of their pecuniary interest. Requirements, if any, that may be applicable under the Medical School's or OVPR's Conflict of Interest Committee's procedures or applicable departmental unit's requirements are separately analyzed and managed.

We recommend that the Board of Regents approve the payment between the University of Michigan and United Bank and Trust - Washtenaw, subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee or the applicable departmental unit's conflict of interest process may impose.

Respectfully submitted,



Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

July 2010