

Approved by the Regents
July 17, 2014

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 transact with Mouko, LLC (University of Michigan Employees, Alex Ade and Justin Laby, Owners)

Background:

The University of Michigan School of Natural Resources and Environment seeks approval to transact with Mouko, LLC ("Mouko") to create a research project website that will consist of two parts. It will include a project webpage with curriculum downloads for K-12 teachers as well as a mathematical modeling graphing tool webpage for K-12 students to use to create graphs of tree growth trends. Mouko was selected based on the project leaders experience with them on past similar website development projects.

The proposed transaction falls under the State of Michigan Conflict of Interest Statute as Alex Ade and Justin Laby are University employees as Applications Programmer/Analyst Lead at the School of Art and Design and Sr. Help Desk Support Service Specialist at the College of Engineering, respectively, and would be a party to the contract as the Owners of Mouko.

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.

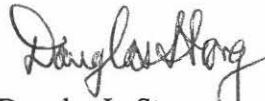
The following information is provided in compliance with the statutory requirements contained in Section (c) above:

- i) The parties to the contract are the Regents of the University of Michigan and its School of Natural Resources and Environment and Mouko.
- ii) The agreement is for the creation of a research project website that will consist of a project webpage with curriculum downloads for K-12 teachers as well as a mathematical modeling graphing tool webpage for K-12 students to use to create graphs of tree growth trends. The total cost of the project is \$4,500.
- iii) The pecuniary interest arises from the fact that University of Michigan employees, Alex Ade and Justin Laby are the Owners of Mouko.

Alex Ade and Justin Laby 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 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 Mouko subject to requirements, if any, that either the Medical School's or OVPR's Conflict of Interest Committee may impose.

Respectfully submitted,



Douglas L. Strong
Interim Executive Vice President
and Chief Financial Officer

July 2014