

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 extend an Agreement with Productivity Improvement LLC (University of Michigan Employee Onur Ulgen, Member)

Background:

The University of Michigan Institute for Clinical & Health Research ("MICHR") seeks approval to extend an agreement with Productivity Improvement LLC ("Productivity") to provide contracted services for application development. Productivity was selected to continue working with the onsite contractor and was previously selected because they presented the most qualified JAVA developer and their hourly rate compared well to average rates.

The proposed agreement falls under the State of Michigan Conflict of Interest Statute as Onur Ulgen is a University employee and would be a party to the contract as a member of Productivity. 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:

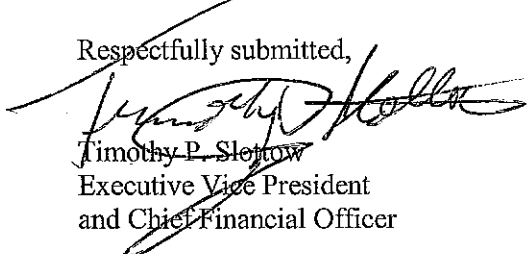
- i) The parties involved in the agreement for payment are the Regents of the University of Michigan, MICHR and Productivity.

- ii) The agreement is for Productivity to provide one JAVA developer full-time for six months at \$63 per hour for Engage application development and Velos application integration projects. This extension agreement is not to exceed a total dollar amount of \$65,520.
- iii) The pecuniary interest arises from the fact that Onur Ulgen, University of Michigan-Dearborn employee as a Professor of Industrial and Manufacturing Systems Engineering, is an ownership member of Productivity.

Mr. Ulgen 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 payments between the University of Michigan and Productivity Improvement 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. Sletrow
Executive Vice President
and Chief Financial Officer

September 2010