

**SUBPART 9-2
CONFLICTS OF INTEREST
INVOLVING THE PRESIDENT OR A TRUSTEE**

Sec. 9-201. Compliance with the Constitution and Laws. It is the policy of the University that all Trustees and the President of the University comply with the law pertaining to conflict of interest.

Statutory References:

MCL 15.301 *et seq.* (1968 PA 318, as amended)

MCL 15.341 *et seq.* (1973 PA 196, as amended)

Sec. 9-202. Law Pertaining to Conflict of Interest. The Trustees and the President of the University are subject to the provisions of Section 10, Article IV, of the 1963 Michigan Constitution, and Act 318 of the Michigan Public Acts of 1968, as amended (MCL 15.301 *et seq.*).

Sec. 9-203. Prohibition of Substantial Conflict of Interest.

(1) A Trustee or the President of the University shall not be interested directly or indirectly in any contract with the University, the State, or any political subdivision of the State, which shall cause a substantial conflict of interest.

(2) “Interest”, as used in this subpart, means a pecuniary interest.

(3) If there is a conflict of interest on the part of a Trustee or the President of the University in respect to a contract with the University, the State, or any political subdivision of the State, and if the personal interest of the Trustee or the President is of such substance as to induce action on his or her part in promoting the contract for his or her personal benefit, then the conflict of interest shall be deemed substantial and is therefore prohibited.

(4) Notwithstanding subsection (3) above, a substantial conflict of interest of a Trustee or the President of the University shall be deemed not to exist in the following cases:

(a) A contract between the University, the State, or any political subdivision of the State and any of the following:

(i) A corporation in which a Trustee or the President of the University is a stockholder owning one percent (1%) or less of the total outstanding stock of any class where such stock is not listed on a stock exchange, or is a stockholder owning stock with a total market value of Twenty-five Thousand Dollars (\$25,000) or less where such stock is listed on a stock exchange;

(ii) A corporation in which a trust (where a Trustee or the President of the University is a beneficiary under the trust) owns one percent (1%) or less of the total outstanding stock of any class where such stock is not listed on a stock exchange, or owns stock with a total market value of Twenty-five Thousand Dollars

(\$25,000) or less where such stock is listed on a stock exchange;

(iii) A professional limited liability company organized pursuant to Act 23 of the Michigan Public Acts of 1993, as amended (MCL 450.5101 *et seq.*), if the Trustee or the President of the University is an employee but not a member of the company.

(b) A contract awarded to the lowest qualified bidder, upon receipt of sealed bids pursuant to a published notice for bids, provided the notice does not bar, except as authorized by law, any qualified person, firm, corporation, or trust from bidding. This subsection (b) does not apply to amendments or renegotiations of a contract or to additional payments under a contract which were not authorized by the contract at the time of award.

(c) A contract for public utility services where the rates for the services are regulated by the state or federal government.

Sec. 9-204. Interpretation of this Subpart. This subpart shall be interpreted and applied in a manner that (a) results in compliance with the law pertaining to conflict of interest, and (b) best serves the interests of the University. In some cases, it may be determined that after full and complete disclosure to those concerned, the University's best interests are served by authorizing the contract despite the existence of a conflict of interest, but only if the personal interest of the Trustee or the President of the University is not of such substance as to induce action on his or her part in promoting the contract for his or her personal benefit.

Sec. 9-205. Reporting of Conflict of Interest.

(1) It is the individual responsibility of each Trustee and the President of the University to disclose conflicts of interest or potential conflicts of interest to the appropriate party as required by applicable law and this subpart.

(2) If a Trustee or the President of the University believes that he or she may have a conflict of interest (whether or not he or she believes the conflict of interest to be "substantial" and thus prohibited by applicable law and this subpart), he or she shall promptly and fully disclose the conflict to the Chairperson of the Board of Trustees (or if the Chairperson of the Board of Trustees is the reporting individual, then to the Vice Chairperson of the Board of Trustees), and shall refrain from participating in any way as to the matter until the conflict issue has been resolved. The Chairperson (or Vice Chairperson) of the Board of Trustees shall consult with legal counsel regarding all conflict of interest matters reported under this subpart, and shall inform the Board of Trustees as to the resolution of such matters as have been reported to him or her.

(3) In order to facilitate compliance with applicable law and this subpart, it is suggested that each Trustee and the President of the University complete a disclosure statement annually, and provide the statement to the Chairperson of the Board of Trustees (or if the Chairperson of the Board of Trustees is providing the disclosure statement, then to the Vice Chairperson of the Board of Trustees).

(4) A person who has provided a disclosure statement shall promptly provide to the appropriate person an amended disclosure statement upon the occurrence of any change in circumstances or discovery of new information that would make the originally provided statement incorrect or incomplete.

(5) An annual disclosure statement submitted under this subpart shall be in substantially the following form:

DISCLOSURE STATEMENT

I have received, read and understand the Board of Trustees' policies on conflict of interest set forth in subpart 9-2 of the Code.

My required disclosures pursuant to applicable law and subpart 9-2 of the Code are set forth below:

[INSERT ANY DISCLOSURES HERE. IF NONE, WRITE IN "NONE".]

In order to facilitate compliance with applicable law and the Board of Trustees' policies on conflict of interest, I undertake to promptly provide an amended disclosure statement upon the occurrence of any change in circumstances or discovery of new information which would make this disclosure statement incorrect or incomplete and to provide the amended disclosure statement to the Chairperson of the Board of Trustees (or if the Chairperson of the Board of Trustees is completing the amended disclosure statement, then to the Vice Chairperson of the Board of Trustees).

I understand that this disclosure statement is intended to be used only to facilitate compliance with applicable law and the Board of Trustees' policies on conflict of interest and, except as required by applicable law, will be maintained in confidence by the University.

NAME _____ DATE _____

Cross Reference:

Subpart 10-3. Conflicts of interest involving other officers and employees of the University.

Constitutional Reference:

Mich Const 1963, art iv, § 10

Statutory Reference:

MCL 15.301 *et seq.* (1968 PA 318, as amended)

Prior Board Action:

November 15, 1991.

May 10, 2002.

Entire Subpart 9-2 included in October 19, 2001 Codification, Phase I.

Entire Subpart 9-2 included in October 22, 2004 Codification, Phase II.

February 16, 2018.