

Contact: Andrea Anania

CONFLICT OF INTEREST VENDORS

Action Requested: Consider approval of the following vendors with a potential conflict of interest:

UNIVERSITY OF IOWA

- ◆ DeLong Construction, Inc.
- ◆ Etre Restaurant Group LLC dba Takanami
- ◆ Iowa Wordwrights, L.L.C.

IOWA STATE UNIVERSITY

- ◆ BioForce Nanosciences, Inc.
- ◆ Mary Swalla Holmes

Executive Summary: Vendors at the Regent institutions and the Board Office with a potential conflict of interest are required by statute to be approved by the Board of Regents.

UNIVERSITY OF IOWA

DeLong Construction, Inc. (DCI) is a construction company. Dana DeLong-Patterson co-owns the company, which is located in Washington, Iowa.

Dana DeLong-Patterson's husband, Todd Patterson, is employed on a full-time basis as an Assistant to the Chair in the Carver College of Medicine (CCOM), Department of Otolaryngology (DOO), at the University of Iowa.

The University reports that:

- ◆ Todd Patterson has authority to issue purchase orders and approve payments for his department. UIHC requires multiple levels of approval for purchase orders and payments to ensure separation of duties;
- ◆ Todd Patterson has been issued a procurement card; all procurement card transactions are reconciled by the Secretary IV and approved by the Senior Administrative Assistant in Medicine Administration;
- ◆ Todd Patterson will not participate in any discussions, decisions, business transactions, or correspondence involving DCI and the University of Iowa; and
- ◆ The CCOM DOO will solicit competitive bids whenever DCI is involved.

Etre Restaurant Group LLC dba Takanami (ERG dba Takanami). Takanami is a restaurant establishment. Lois Etre is the Vice President of ERG and holds a 20% interest in Takanami, which is located in Iowa City, Iowa.

Lois Etre's husband, Paul Etre, is employed on a full-time basis as an Assistant to the Chair in the Carver College of Medicine (CCOM), Department of Orthopaedics (DOO), at the University of Iowa.

The University reports that:

- ◆ Paul Etre has authority to issue purchase orders and approve payments for his department. UIHC requires multiple levels of approval for purchase orders and payments to ensure separation of duties;
- ◆ Paul Etre has not been issued a procurement card;
- ◆ Paul Etre will not participate in any discussions, decisions, business transactions, or correspondence involving ERG dba Takanami and the University of Iowa; and
- ◆ CCOM DOO will solicit competitive bids whenever ERG dba Takanami is involved.

Iowa Wordwrights, L.L.C. (IW) provides professional writing and editing services. Brian Richman is the owner of the business, which is located in Iowa City, Iowa.

Brian Richman is employed on a 70% basis as a Lecturer in the Department of Finance (DOF), Tippie College of Business (TCB), at the University of Iowa.

The University reports that:

- ◆ Brian Richman does not have any authority to issue purchase orders, however, he does have authority to approve payments for his department;
- ◆ Brian Richman has not been issued a University procurement card;
- ◆ Brian Richman will not participate in any discussions, decisions, business transactions, or correspondence involving IW and the University of Iowa; and
- ◆ The TCB DOF will solicit competitive bids whenever IW is involved.

IOWA STATE UNIVERSITY

BioForce Nanosciences, Inc. (BNI) sells parts, accessories, and consumable products for the Nano eNabler™ System, a proprietary molecular printer located in the ISU Roy J. Carver Laboratory for Ultrahigh Resolution Biological Microscopy (Carver Lab).

Dr. Eric Henderson holds a 10 - 12% ownership interest in the company and Dr. Curtis Mosher owns 1½ - 2% of shares, valued at greater than \$10,000. The company is located in Ames, Iowa.

Dr. Henderson is employed on a full-time basis as a Professor in the Department of Genetics, Development, and Cell Biology (DOGDCB), College of Liberal Arts and Sciences (CLAS) at Iowa State University. Dr. Mosher is employed on a full-time basis as an Associate Scientist in the DOGDCB; he also serves as Supervisor of the Carver Lab.

The University reports that:

- ◆ Neither Dr. Henderson nor Dr. Mosher have been issued a University procurement card;
- ◆ Neither Dr. Henderson nor Dr. Mosher will participate in any discussions, decisions, business transactions, or correspondence involving BNI and ISU, nor will they have any authority to make any University purchasing or payment decisions associated with BNI;
- ◆ Dr. Martin Spalding, Chair of the DOGDCB, will oversee and authorize all purchases made from BNI on behalf of the Carver Lab with further oversight provided by the Purchasing Department and the Office of the Vice President for Research and Economic Development;
- ◆ DOGDCB and the CLAS Dean acknowledge awareness of Dr. Henderson's request to do business as a conflict of interest vendor and have no objections as long as all business efforts are conducted outside the workplace. Dr. Spaulding will ensure that the work is conducted outside the workplace;
- ◆ CLAS agrees that Dr. Henderson would have no influence in awarding a University contract, nor will he be permitted to serve on any related University committees that may have influence in purchasing this type of work; and
- ◆ DOGDCB will not purchase products/services from BNI.

Mary Swalla Holmes provides writing and photography for select web and printed publications. Mary Swalla Homes is the sole proprietor of the business, which is located near Madrid, Iowa.

Ms. Holmes is employed on a 33% basis as a Temporary Program Coordinator in the College of Agriculture and Life Sciences (CALs), Department of Sociology (DOS), at Iowa State University.

The University reports that:

- ◆ Mary Swalla Holmes has not been issued a procurement card;
- ◆ Mary Swalla Holmes will not participate in any discussions, decisions, business transactions, or correspondence involving her services and ISU, nor will she have any authority to make any University purchasing or payment decisions associated with her services;
- ◆ CALS and DOS acknowledge awareness of Mary Swalla Holmes' request to do business as a conflict of interest vendor under her own name and will permit these efforts as long as they are conducted outside the workplace and on the employee's own time. The DOS Chair will ensure that the work is conducted outside the workplace;
- ◆ DOS will not purchase products/services from Mary Swalla Holmes; and
- ◆ CALS agrees that Mary Swalla Holmes would have no influence in awarding a University contract, nor will she be permitted to serve on any related University committees for this type of work.

Background:

The Iowa Code [68B]:

- ◆ Does not alleviate the requirement for institutions to obtain competitive bids and provide public notice.
- ◆ Prohibits an official or employee of a regulatory agency from selling, either directly or indirectly, goods or services to the agency of which the individual is an official or employee, except when certain conditions are met.
- ◆ Requires all regulatory agencies to adopt rules specifying the method by which employees may obtain agency consent for exception.

The Iowa Administrative Code [681-8.9]:

- ◆ Precludes individuals with potential conflicts from being directly involved in the purchasing decisions or authorizing of any such contracts making material changes to such contracts.
- ◆ Requires Board authorization when a single purchase from a conflict of interest vendor (Regent employee) exceeds \$2,000 unless the sale is made after public notice and competitive bidding.

Once a vendor with a potential conflict of interest is approved by the Board, any Regent institution is authorized to purchase from that vendor.