MICHIGAN STATE UNIVERSITY
Initiation of Contracts with MSU Employees or Entities in which MSU Employees Holds a Financial or Managerial Interest

Board of Trustees approval is required under Mi law for the terms of all new contracts, including modifications to existing contracts, between the University and:

- an employee of the University;
- any partnership or unincorporated association of which the employee is a partner, member, or employee;
- any private corporation of which the employee is (1) a director, officer, or employee; or (2) a stockholder owning more than one percent (1%) of the total outstanding stock of any class if the stock is not listed on a stock exchange or stock with a total market value in excess of $25,000 if the stock is listed on a stock exchange; or
- any trust of which the employee is a beneficiary or trustee.

Except in exigent circumstances approved by the Vice President for Research & Graduate Studies following consultation with the Provost, employees should NOT be directly involved in negotiations concerning the suitability of the financial and other terms of the contract, nor be the primary advocate to enter into the contract, on behalf of MSU.

Pursuant to Article 11 of the Bylaws of the Board of Trustees, only the President and officers designated by the President are authorized to execute contracts on behalf of the Board of Trustees. Authorized individuals and the specified purposes include:

- the Vice President for Finance and Operations and Treasurer;
- the Assistant Vice President for Finance and Operations;
- the Director of Contract and Grant Administration;
- the Secretary of the Board of Trustees; and
- others with specific delegated authority, including:
  - the Director of University Services and Purchasing Manager (including, approved satellite purchasing units) for commitments via purchase order and required supporting documents;
  - the Director and Associate Director of MSU Technologies for confidential disclosure agreements, material transfer agreements, data use agreements, licenses, other documents directly related to patent application, assignment and protection, and other documents directly related to copyright registration, assignment and protection;
  - The Director of MSU Business Connect for corporate sponsored research contracts; and
  - the Director of Land Management for activities related to the management of University property, including off-campus land and facility use agreements, with a monetary value of less than $25,000 and with a term of not more than three years.

When the contract is for the lease or purchase of goods, services, space, or property, an independent assessment must be completed to judge whether comparable goods, services, space, or property are readily available from another source without an MSU employee interest, and if they are not, whether the proposed financial terms are fair and reasonable related to current market considerations. This assessment should be conducted by the MSU office with assigned signatory authority for the contract, and it should be conducted using established university procedures based on applicable standards that are commonly accepted by Federal or Michigan governmental agencies.

Statement of Terms: In order for the contract’s terms to be eligible for Board consideration, they must be final and definite. However, discussions and minor revisions of wording in contracts are acceptable if the stated terms are not changed from those summarized and presented to the Board. Questions about suitability of changes should be submitted to the Office of General Council.

Required terms include the following:

- Party to the contract;
- Organization type;
- Nature of the agreement (License or Project type);
- Term;
- Licensed technology;
- Technology’s Potential Commercial Application;
- Payment terms;
- Services provided;
- Use of university facilities/personnel;
- MSU employee interest(s); and
- Other information as appropriate.
Conflicts of Interest: Conflicting interests created by the contract must be reported, assessed, managed, and if necessary resolved, as a prerequisite for the Provost to recommend the contract terms to the Board for consideration. For academic employees, this process is based on the Faculty Conflict of Interest Policy. Board action is based on review and management/resolution of individual conflicting interests and insures there is no conflict in the initiation of the agreement through compliance with the MI law.

Management or resolution of conflicting interests is assigned to the chair and dean and must be based on the details and context of the situation. Therefore, it is the responsibility of the individual with the financial or managerial interest in the outside entity, with support of the office proposing or negotiating the contract, to describe the situation in sufficient detail to permit dispassionate review and assessment of potential conflicts arising from the agreement and their possible impact on the individual’s university duties and responsibilities.

Timeline: Board meeting dates are listed at http://trustees.msu.edu/meetings.html. Review of conflicting interests created by a significant financial interest in an entity (as well as the influence of the proposed contract terms) and the development/approval of a suitable conflict management plan must be completed at least 14 working days prior to consideration of the contract terms at a scheduled Board meeting.

For consultation and assistance with conflict of interest review, please contact:
   Terry A. May, Faculty Conflict of Interest Information Officer
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