CONFLICT OF INTEREST VENDOR

Action Requested: Consider approval of a potential conflict of interest vendor, Frantz Construction Company, Inc.

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.

Frantz Construction Company, Inc. is a general contractor and construction business. Gene Nissley is co-owner of the company, which is located in Iowa City, Iowa.

Mr. Nissley’s wife, Patricia Nissley, is employed on a full-time basis as a Secretary IV in the Office of the President at the University of Iowa.

The University reports that Patricia Nissley:

- Does not have any authority to issue purchase orders or approve payments for her department; and

- Has been issued a procurement card; all purchase requests and payment transactions are reviewed and approved by the Finance and Personnel Director, Mary Schott. Payment for general contractors and construction are not allowed on the procurement card.

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 $1,000 or a fiscal year’s cumulative purchases exceed $2,000.

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